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SUBJECT:	Project Work (DSE-4)
COLLEGE ROLL:	C-02
UNIVERSITY ROLL:	170240200003
REGISTRATION NO:	201701039479
YEAR:	2020-21

A project report on

Mobile banking

By

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UNIVERSITY ROLL NO: 170240200003

UNIVERSITY REG. NO: 201701039479 of 2017-18

Under the guidance of Prof. Sukumar Dan (HOD of Balagarh Bijoy Krishna Mahavidyalaya, Commerce department)

Submitted to: Balagarh Bijoy Krishna Mahavidyalaya

(University of Burdwan)

B.Com (Honours)

ACKNOWLEDGEMENT

I take the opportunity to express my gratitude to all the concerned people who have directly or indirectly contributed towards completion of this project . I extend my sincere gratitude towards. For providing the opportunity and resources to work on this project. I would like to express my gratitude to the H.O.D of the commerce Department in Balagarh Bijoy Krishna Mahavidyalaya prof. Sukumar Dan with whose guidance I decided to undertake said project faculty of whose insight encouraged me to go beyond the scope of project and this broadened me learning on this project

CERTIFICATE

This is to certify that ***Piali Nopti*** *of B.Com honours(6th sem) has successfully completed the project on* ***MOBILE BANKING*** *under the guidance of* ***Prof. Sukumar Dan***

Course Co-ordinator

Principal

30/09/2020

Project Guide / Internal Examiner

External Examiner

DECLARATION

I, Piali Nopti *the student of B.Com. honours(6th sem of Balagarh Bijoy Krishna Mahavidyalaya- Hereby declare that I have completed the Project on* ***MOBILE BANKING.***

The information submitted is true and original to the best of my knowledge.

Piali Nopti

Signature of student

(Name of student)

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Design of study

Objectives of the study

The attempt has been made to achieve following objectives:

1. **To find out the awareness of mobile banking in India.**
2. **To study the problem related to mobile banking.**
3. **To study the use of mobile banking.**
4. **To study the popularity of mobile banking.**

Scope of Study

The following has been covered under the project "Mobile Banking".

1. **Introduction to mobile banking**
2. **Advantages & Disadvantages**
3. **SMS banking**
4. **E-Banking**
5. **IT in Banking**
6. **Survey to find out the awareness**

Limitations

1. **I have restricted my project on 'mobile banking' to the extent of individual's only.**

2. **Survey has been conducted on micro level basis to know awareness of mobile banking.**

3. **Only 25 customers of different ages have been considered for undertaking the study.**

Methodology

1. **Primary study has been undertaken on micro level basis on focusing only a few individuals.**
2. **Secondary data is collected by undertaking extensive library research as well as from various websites and books.**

CH.1 INTRODUCTION

MOBILE BANKING (also known as M- banking, SMS banking etc.) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a **mobile phone**.

Mobile banking today is most often performed via SMS or the Mobile Internet but can also use special programs called clients downloaded to the mobile device. Mobile banking is a way for the customer to perform banking actions on his or her cell phone or other mobile device. It is also known as M-Banking or SMS Banking. Mobile banking allows the user to log into his or her account from a cell phone, and then use the phone to make payments, check balances, transfer money between accounts, notify the bank of a lost or stolen credit card, stop payment on a check, receive a new PIN, or view a monthly statement, among other transactions. This type of banking is meant to be more convenient for the consumer than having to physically go into a bank, log on from their home computer, or make a phone call. While all of this is true, some are concerned about the security of mobile banking.

ORIGIN

Mobile banking probably had its origin in November 1946.In India, the first bank on wheel was launched by the bank of Patiala in 1950. Internet banking helped give the customer's anytime access to their banks. Customers could check out their account details, get their bank statements, perform transactions like transferring money to other accounts and pay their bills sitting in the comfort of their homes and offices. However the biggest limitation of Internet banking is the requirement of a PC with an Internet connection, not a big obstacle if we look at the US and the European Mobile banking – The Future White Paper Overview Abstract This paper describes the basic concepts, services offered, market survey and technology which enables Mobile banking. Over the last few years, the mobile and wireless market has been one of the fastest growing markets in the world and it is still growing at a rapid pace. This opens up huge markets for financial institutions interested in offering value added services. With mobile technology, banks can offer a wide range of services to their customers such as doing funds transfer while traveling, receiving online updates of stock price or even performing stock trading while being stuck in traffic. Mobile devices, especially smart-phones, are the most promising way to reach the masses and to create "stickiness" among current customers, due to their ability to provide services anytime, anywhere, with high rate of penetration and potential to grow. Document Audience This document is primarily intended for Marketing, Sales, Product Support, Internet Services Group, Project Engineering and anyone who is interested in Mobile banking. Mobile

banking addresses this fundamental limitation of Internet banking, as it reduces the customer requirement to just a mobile phone. Mobile usage has seen an explosive growth in most of the Asian economies like India, China and Korea. The main reason that Mobile banking scores over Internet banking is that it enables 'Anywhere Anytime banking'. Customers don't need access to a computer terminal to access their bank accounts, now the can do so on-the-go while waiting for the bus to work, traveling or when they are waiting for their orders to come through in a restaurant. The scale at which Mobile banking has the potential to grow can be gauged by looking at the pace users are getting mobile in these big Asian economies. According to the Cellular Operators' Association of India (COAI) the mobile subscriber base in India hit 40.6 million in the August 2004. In September 2004 it added about 1.85million more. The explosion as most analysts say, is yet to come as India has about one of the biggest untapped markets. China, which already witnessed the mobile boom, is expected to have about 300 million mobile users by the end of 2004. All of these countries have seen gradual roll-out of mobile banking services, the most aggressive being Korea which is now witnessing the roll-out of some of the most advanced services like using mobile phones to pay bills in shops and restaurants.

Definition of Mobile Banking:

Mobile banking is defined as:

"Mobile Banking refers to provision and availment of banking- and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access Customised information."

CH2. Mobile Banking Conceptual Model

According to this model Mobile Banking can be said to consist of three interrelated concepts:

- **Mobile Accounting**
- **Mobile Brokerage**
- **Mobile Financial Information Services**

Most services in the categories designated Accounting and Brokerage are transaction-based. The non-transaction-based services of an informational nature are however essential for conducting transactions - for instance, balance inquiries might be needed before committing a money remittance. The accounting and brokerage services are therefore offered invariably in combination with information services. Information services, on the other hand, may be offered as independent module. Mobile phone banking may also be used to help in business situations.

Trends in mobile banking

The advent of the Internet has enabled new ways to conduct banking business, resulting in the creation of new institutions, such as online banks, online brokers and wealth managers. Such institutions still account for a tiny percentage of the industry.

Over the last few years, the mobile and wireless market has been one of the fastest growing markets in the world and it is still growing at a rapid pace. According to the GSM Association and Ovum, the number of mobile subscribers exceeded 2

billion in September 2005, and now exceeds 2.5 billion (of which more than 2 billion are GSM).

With mobile technology, banks can offer services to their customers such as doing funds transfer while travelling, receiving online updates of stock price or even performing stock trading while being stuck in traffic. Smartphones and 3Gconnectivity provide some capabilities that older text message-only phones do not.

According to a study by financial consultancy Celent, 35% of online banking households will be using mobile banking by 2010, up from less than 1% today. Upwards of 70% of bank center call volume is projected to come from mobile phones. Mobile banking will eventually allow users to make payments at the physical point of sale. "Mobile contactless payments" will make up 10% of the contactless market by 2010. Another study from 2010 by Berg Insight forecasts that the number of mobile banking users in the US will grow from 12 million in 2009 to 86 million in 2015. The same study also predicts that the European market will grow from 7 million mobile banking users in 2009 to 115 million users in 2015.

Many believe that mobile users have just started to fully utilize the data capabilities in their mobile phones. In Asian countries like India, China, Bangladesh, Indonesia and Philippines, where mobile infrastructure is comparatively better than the fixed-line infrastructure, and in European countries, where mobile phone penetration is very high (at least 80% of consumers use a mobile phone), mobile banking is likely to appeal even more.

Mobile banking business models

A wide spectrum of Mobile/branchless banking models is evolving. These models differ primarily on the question that who will establish the relationship (account opening, deposit taking, lending etc.) to the end customer, the bank or the Non-bank /Telecommunication Company (Telco). Another difference lies in the nature of agency agreement between bank and the Non- bank. Models of branchless banking can be classified into three broad categories - bank Focused, bank -Led and Non-bank -Led.

I. Bank -focused model:

The bank -focused model emerges when a traditional bank uses non-traditional low-cost delivery channels to provide banking services to its existing customers. Examples range from use of automatic teller machines (ATMs) to internet banking or mobile phone banking to provide certain limited banking services to bank's' customers. This model is additive in nature and may be seen as a modest extension of conventional branch-based banking.

II. Bank -led model:

The bank -led model offers a distinct alternative to conventional branch based banking in that customer conducts financial transactions at a whole range of retail agents (or through mobile phone) instead of at bank branches or through bank employees. This model promises the potential to substantially increase the financial services outreach by using a different delivery channel (retailers/ mobile phones), a different trade partner (telco / chain store) having experience and target market distinct from traditional banks, and may be significantly cheaper than the bank -based alternatives. The bank -led model may be implemented by either using

correspondent arrangements or by creating a JV between bank and Telco/non-bank. In this model customer account relationship rests with the n bank 3 Non-bank -led model

The non- bank -led model is where a bank does not come into the picture (except possibly as a safe-keeper of surplus funds) and the non- bank (e.g. Telco) performs all the functions.

Mobile Banking Services

Mobile banking can offer services such as the following:

I. Account Information

1. Mini-statements and checking of account history
2. Alerts on account activity or passing of set thresholds
3. Monitoring of term deposits
4. Access to loan statements
5. Access to card statements
6. Mutual funds / equity statements
7. Insurance policy management
8. Pension plan management
9. Status on cheque, stop payment on cheque

II. Payments & Transfers

1. Domestic and international fund transfers
2. Micro-payment handling
3. Mobile recharging
4. Commercial payment processing
5. Bill payment processing
6. Peer to Peer payments

III. Investments

1. Portfolio management services
2. Real-time stock quotes
3. Personalized alerts and notifications on security prices

IV. Support

1. Status of requests for credit, including mortgage approval, and insurance coverage
2. Check (cheque) book and card requests
3. Exchange of data messages and email, including complaint submission and tracking
4. ATM Location

V. Content Services

1. General information such as weather updates, news
2. Loyalty-related offers
3. Location-based services

Based on a survey conducted by Forrester, mobile banking will be attractive mainly to the younger, more "tech-savvy" customer segment. A third of mobile phone users say that they may consider performing some kind of financial transaction through their mobile phone. But most of the users are interested in performing basic transactions such as querying for account balance and making bill payment.

Challenges for a Mobile banking Solution

Key challenges in developing a sophisticated mobile banking application are:

I. Interoperability:

There is a lack of common technology standards for mobile banking. Many protocols are being used for mobile banking – HTML, WAP, SOAP, XML to name a few. It would be a wise idea for the vendor to develop a mobile banking

application that can connect multiple banks. It would require either the application to support multiple protocols or use of a common and widely acceptable set of protocols for data exchange.

There are a large number of different mobile phone devices and it is a big challenge for banks to offer mobile banking solution on any type of device. Some of these devices support J2ME and others support WAP browser or only SMS.

Overcoming interoperability issues however have been localized, with countries like India using portals like R-World to enable the limitations of low end java based phones, while focus on areas such as South Africa have defaulted to the USSD as a basis of communication achievable with any phone.

The desire for interoperability is largely dependent on the banks themselves, where installed applications (Java based or native) provide better security, are easier to use and allow development of more complex capabilities similar to those of internet banking while SMS can provide the basics but becomes difficult to operate with more complex transactions.

II. <u>Scalability & Reliability</u>:

Another challenge for the CIO's and CTOs of the banks is to scale-up the mobile banking infrastructure to handle exponential growth of the customer base. With mobile banking, the customer may be sitting in any part of the world (true anytime, anywhere banking) and hence bank's need to ensure that the systems are up and running in a true 24 x 7 fashion. As customers will find mobile banking more and more useful, their expectations from the solution will increase. Bank's unable to meet the performance and reliability expectations may lose customer confidence.

III. Application distribution:

Due to the nature of the connectivity between bank and its customers, it would be impractical to expect customers to regularly visit bank s or connect to a web site for regular upgrade of their mobile banking application. It will be expected that the mobile application itself check the upgrades and updates and download necessary patches (so called Over The Air updates). However, there could be many issues to implement this approach such as upgrade / synchronization of other dependent components.

IV. Personalization:

It would be expected from the mobile application to support personalization such as:

1. Preferred Language
2. Date / Time format
3. Amount format
4. Default transactions
5. Standard Beneficiary list.

CH3. Mobile banking in the world

Mobile banking has come in handy in many parts of the world with little or no Infrastructure development, especially in remote and rural areas. This part of the mobile commerceis also very popular in countries where most of their population is unbanked. In most of these places banks can only be found in big cities and customers have to travel hundreds of miles to the nearest bank.Countries like Sudan, Ghana and South Africa received this new commerce very well. In Latin America countries like Uruguay, Paraguay, Argentina, Brazil, Venezuela, Colombia, Guatemala and recently Mexico started with a huge success.In Iran banks like Parsian, Tejarat, Mellat, Saderat, Sepah, edbi and bankmelli offer this service. Guatemala has the support of Banco industrial. Mexico released the mobile commerce with Omnilife, Bancomer and a private company (MPower Ventures). Kenya's Safaricom (Part of the Vodafone Group) has had the very popular M-Pesa Service - mainly used to transfer limited amounts of money, but has been increasingly used to pay utility bills. Zain in 2009 launched their own mobile money transfer business known as ZAP in Kenya and other African countries.

Technologies Behind Mobile Banking

Technically speaking most of these services can be deployed using more than one channel. Presently, Mobile Banking is being deployed using mobile applications developed on one of the following four channels.

1. IVR (Interactive Voice Response)

2. SMS (Short Messaging Service)

3. WAP (Wireless Access Protocol) 4. Standalone Mobile Application Clients

I. IVR- Interactive Voice Response:

IVR or Interactive Voice Response service operates through pre-specified numbers that banks advertise to their customers. Customer's make a call at the IVR number and are usually greeted by a stored electronic message followed by a menu of different options. Customers can choose options by pressing the corresponding number in their keypads, and are then read out the corresponding information, mostly using a text to speech program.

Mobile banking based on IVR has some major limitations that they can be used only for Enquiry based services. Also, IVR is more expensive as compared to other channels as it involves making a voice call which is generally more expensive than sending an SMS or making data transfer (as in WAP or Standalone clients).

One way to enable IVR is by deploying a PBX system that can host IVR dial plans. Banks looking to go the low cost way should consider evaluating Asterisk, which is an open source Linux PBX system.

II. SMS – Short Messaging Service:

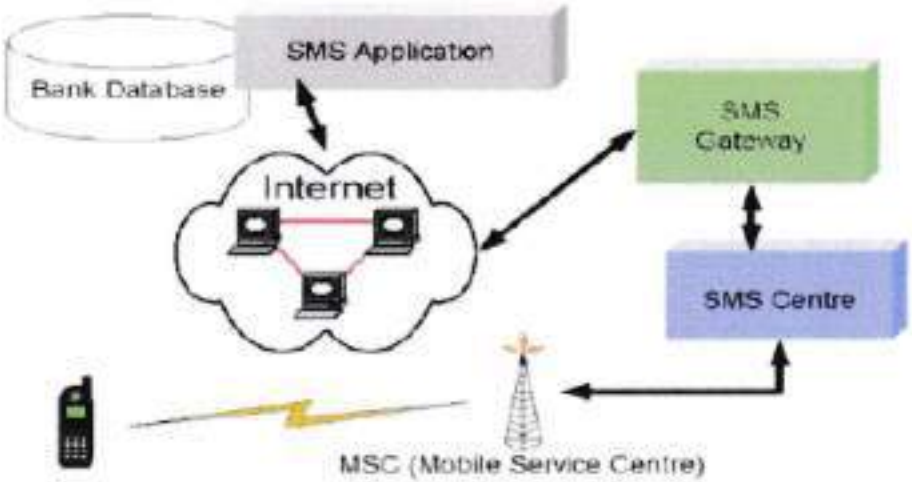
SMS uses the popular text-messaging standard to enable mobile application based banking. The way this works is that the customer requests for information by sending an SMS containing a service command to a pre-specified number. The bank responds with a reply SMS containing the specific information.

For example, customers of the HDFC Bank in India can get their account balance details by sending the keyword 'HDFCBAL' and receive their balance information again by SMS.

However there have been few instances where even transaction-based services have been made available to customer using SMS. For instance, customers of the Centurion Bank of Punjab can make fund transfer by sending the SMS 'TRN (A/c No) (PIN No) (Amount)'.

One of the major reasons that transaction based services have not taken of on SMS is because of concerns about security. The main advantage of deploying mobile applications over SMS is that almost all mobile phones are SMS enabled.

An SMS based service is hosted on a SMS gateway that further connects to the Mobile service providers SMS Centre. There are a couple of hosted IP based SMS gateways available in the market and also some open source ones like Kannel.



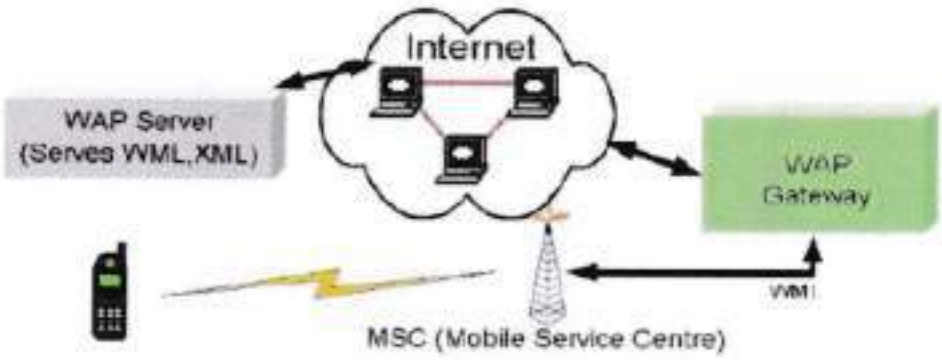
SMS Network Architecture

III.WAP – Wireless Access Protocol:

WAP uses a concept similar to that used in Internet banking. Banks maintain WAP sites which customer's access using a WAP compatible browser on their mobile phones. WAP sites offer the familiar form based interface and can also implement security quite effectively.

Bank of America offers a WAP based service channel to its customers in Hong Kong. The banks customers can now have an anytime, anywhere access to a secure reliable service that allows them to access all enquiry and transaction based services and also more complex transaction like trade in securities through their phone A WAP based service requires hosting a WAP gateway. Mobile Application users access the bank's site through the WAP gateway to carry out transactions, much like internet users access a web portal for accessing the banks services.

The following figure demonstrates the framework for enabling mobile applications over WAP. The actually forms that go into a mobile application are stored on a WAP server, and served on demand. The WAP Gateway forms an access point to the internet from the mobile network.



IV. Standalone Mobile Application Clients:

Standalone mobile applications are the ones that hold out the most promise as they are most suitable to implement complex banking transactions like trading insecurities. They can be easily customized according to the user interface complexity supported by the mobile. In addition, mobile applications enable the implementation of a very secure and reliable channel of communication.

One requirement of mobile applications clients is that they require to be downloaded on the client device before they can be used, which further requires the mobile device to support one of the many development environments like J2ME or Qualcomm's BREW. J2ME is fast becoming an industry standard to deploy mobile applications and requires the mobile phone to support Java. The major disadvantage of mobile application clients is that the applications needs to be customized to each mobile phone on which it might finally run.

CH4. Advantage & Disadvantage of Mobile Banking

Advantages:

1. The biggest advantage that mobile banking offers to bank s is that it drastically cuts down the costs of providing service to the customers. For example an average teller or phone transaction costs about $2.36 each, whereas an electronic transaction costs only about $0.10 each.

2. Additionally, this new channel gives the bank ability to cross-sell up-sell their other complex banking products and services such as vehicle loans, credit cards etc.

3. For service providers, Mobile banking offers the next surest way to achieve growth. Countries like Korea where mobile penetration is nearing saturation, mobile banking is helping service providers increase revenues from the now static subscribers use. Service providers are increasingly using the complexity of their supported mobile banking services to attract new customers and retain old ones.

4. A very effective way of improving customer service could be to inform customers better. Credit card fraud is one such area.

5. A bank could, through the use of mobile technology, inform owners each time purchases above a certain value have been made on their card. This way the owner is always informed when their card is used, and how much money was taken for each transaction. Similarly, the bank could remind customers of outstanding loan repayment dates for the payment of monthly installments or simply tell them that a bill has been presented and is up for payment. The

customers can then check their balance on the phone and authorize the required amounts for payment. The customers can also request for additional information. They can automatically view deposits and withdrawals as they occur and also pre-schedule payments to be made or cheques to be issued.

6. Similarly, one could also request for services like stop cheque or issue of a cheque book over one's mobile phone.

7. There are number of reasons that should persuade bank s in favor of mobile phones.

8. They are set to become a crucial part of the total banking services experience for the customers.

9. Also, they have the potential to bring down costs for the bank itself. Through mobile messaging and other such interfaces, bank s provides value added services to the customer at marginal costs.

10. Such messages also bear the virtue of being targeted and personal making the services offered more effective. They will also carry better results on account of better customer profiling.

11. Yet another benefit is the anywhere/anytime characteristics of mobile services. A mobile is almost always with the customer. As such it can be used over a vast geographical area. The customer does not have to visit the bank ATM or a branch to avail of the bank's services. Research indicates that the number of

footfalls at a bank's branch has fallen down drastically after the installation of ATMs.

12. As such with mobile services, a bank will need to hire even less employees as people will no longer need to visit bank branches apart from certain occasions.

13. With Indian telecom operators working on offering services like money transaction. Over a mobile, it may soon be possible for a bank to offer phone-based credit systems.

14. This will make credit cards redundant and also aid in checking credit card. Fraud apart from offering enhanced customer convenience. The use of mobile Technologies is thus a win-win proposition for both the bank s and the bank's Customers.

15. The banks add to this personalized communication through the process of Automation. For instance, if the customer asks for his account or card balance after conducting a transaction, the installed software can send him an automated reply informing of the same. These automated replies thus save the bank the need to hire Additional employees for servicing customer needs.

16. Use banking facilities anywhere, even far away from a bank .Easy operation – access accounts from a cell phone. Lower operational costs (for bank s) than setting up ATM machines.

Disadvantage:

1. Back in days when Internet was introduced, it was a boon to the financial industry as it reduced all volumes by opening another self-service channel for servicing customers.

2. With mobile that advantage is not there as already investments are made to reduce call volumes using Internet and Internet is one of the technologies that is ever spreading in customer community.

3. Almost 80% of the people in US already have internet connection. Mobile banking would be another value added service that can be provided by financial institutions, it may only bring good will.

4. Depending on the technological direction for enabling Mobile companies either has to spend enormous amount of money in matching customer's expectation or maintaining another stream of technology applications. Technology still has security issues and software distribution issues.

Uses

1) Pay bills
2) Transfer funds
3) Take mini-statements, conduct balance enquiries
4) Set alerts for movement in accounts – change in balance, payments of bills set on auto payment mode etc.
5) Purchase items – e.g. ABNAmro's Mpower enables you to shop

Although advanced/high-end transactions can be conducted using cell phones, most mobile banking customers use it for basic activities like balance enquiry, making payments of regular bills etc.

CH5. SMS Banking

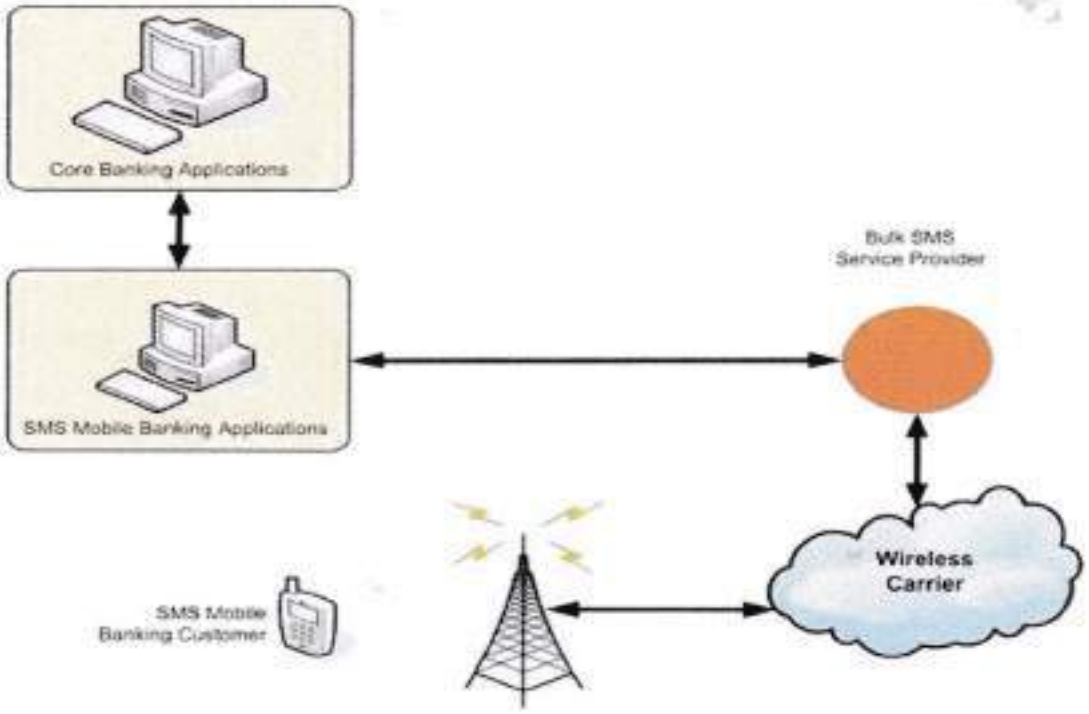
When people are hard pressed for time, the need for "anytime anywhere" is banking gains utmost importance. Bearing this in mind, bank s provides a novel service which gives retail customers account information and real-time transaction capabilities from their cell phones. With SMS banking the following services can be obtained:

- **Get account balance details**
- **Request a cheque book**
- **Request last three transaction details · Pay bills for electricity, mobile, insurance etc.**

SMS banking Overview:

In order to avail the services mentioned above, a user subscribing to a wireless carrier sends an SMS with a predefined code to the bulk service provider's number.

The service provider forwards this message to the bank's mobile banking applications. The mobile banking applications interface with the core banking servers (that contain the user account information) that service the request made by the user. The response is then sent by the mobile banking applications to the bulk service provider who in turn forward it to the valid user via SMS. Which is very well explaining in the following diagram?



There are two ways in which a bank can communicate with a customer using SMS:

1. In the first method the bank proactively sends data to customers in response to certain transactions. For e.g. account to account transfer, salary credit and some promotional messages. This data can be sent to the customer in two ways

a. <u>E-mail to mobile (E2M)</u>:

In this method, the bank sends an email to the mobile banking application through a specific email address. This email may consist of the message content together with the mobile numbers of the customer. The mobile banking application in turn sends this message in a specific format (for e.g. XML tags are part of a HTTP GET message query string) to the service provider's application server. From here on the information from the XML tags is extracted and sent as a SMS to the wireless carrier which in turn forwards this message to the customer.

b. Database to mobile (D2M):

Here a mobile banking application continuously polls the bank s database server and whenever a relevant event happens, for e.g. an account to account transfer, it forwards the specific message to the service provider's application server. The message format may be the same as the one used in the E2M case. This message is then forwarded to the wireless carrier which in turn forwards this message to the customer.

In the second method the bank sends data in response to specific customer query such as account balance details. The customer first sends a pre-defined request code via SMS to the Bulk SMS service provider's registered mobile number. Depending on the message code, the bulk SMS provider forwards the SMS to a PULL application in the mobile banking server. The PULL application receives the request and forwards it to the core banking application for further processing. The core banking server then processes this message and sends the reply to the PULL application which in turn forwards in to the customer via the service provider. As in the above cases the request and the response for the PULL application may be a HTTP GET message with tags in the query string.

Marketing strategy used by bank via mobile banking

SMS banking services are operated using both Push and Pull messages. Push messages are those that the bank chooses to send out to a customer's mobile phone, without the customer initiating a request for the information. Typically push messages could be either Mobile Marketing messages or messages alerting an event which happens in the customer's bank account, such as a large withdrawal of funds from the ATM or a large payment using the customer's credit card, etc.

Another type of push message is One-time password (OTPs). OTPs are the latest tool used by financial and banking service providers in the fight against cyber fraud. Instead of relying on traditional memorized passwords, OTPs are requested by consumers each time they want to perform transactions using the online or mobile banking interface. When the request is received the password is sent to the consumer's phone via SMS. The password is expired once it has been used or once its scheduled life-cycle has expired.

Pull messages are those that are initiated by the customer, using a mobile phone, for obtaining information or performing a transaction in the bank account. Examples of pull messages for information include an account balance inquiry, or requests for current information like currency exchange rates and deposit interest rates, as published and updated by the bank .

The bank's customer is empowered with the capability to select the list of activities (or alerts) that he/she needs to be informed. This functionality to choose activities can be done either by integrating to the Internet banking channel or through the bank's customer service call centre.

Typical Push & Pull Services offered under SMS banking

Depending on the selected extent of SMS banking transactions offered by the bank, a customer can be authorized to carry out either non-financial transactions, or both and financial and non-financial transactions. SMS banking solutions offer customers a range of functionality, classified by Push and Pull services as outlined below.

Typical Push Services would include:

- Periodic account balance reporting (say at the end of month)
- Reporting of salary and other credits to the bank account
- Successful or unsuccessful execution of a standing order
- Successful payment of a cheque issued on the account;
- Insufficient funds
- Large value withdrawals on an account
- Large value withdrawals on the ATM or on a debit card
- Large value payment on a credit card or out of country activity on a credit card.
- One-time password and authentication

Typical Pull Services would include:

- Account balance inquiry
- Mini statement request
- Electronic bill payment
- Transfers between customer's own accounts, like moving money from a savings account to a current account to fund a cheque
- Stop payment instruction on a cheque
- Requesting for an ATM card or credit card to be suspended
- De-activating a credit or debit card when it is lost or the PIN is known to be compromised
- Foreign currency exchange rates inquiry
- Fixed deposit interest rate inquiry

Concerns & Skepticism about SMS Banking

Many banks would have some concerns when the prospects of introducing SMS banking are discussed. Most of these concerns could revolve around security and operational controls around SMS banking. However supporters of SMS claim that while SMS banking is not as secure as other conventional banking channels, like the ATM and Internet banking, the SMS banking channel is not intended to be used for very high-risk transactions.

The Convenience Factor

The convenience of executing simple transactions and sending out information or alerting a customer on the mobile phone is often the overriding factor that dominates over the skeptics who tend to be overly bitten by security concerns.

As a personalized end-user communication instrument, today mobile phones are perhaps the easiest channel on which customers can be reached on the spot, as they carry the mobile phone all the time no matter where they are. Besides, the operation of SMS banking functionality over phone key instructions makes its use very simple. This is quite different to Internet banking which can offer broader functionality, but has the limitation of use only when the customer has access to a computer and the Internet. Also, urgent warning messages, such as SMS alerts, are received by the customer instantaneously; unlike other channels such as the post, email, Internet, telephone banking, etc. on which a bank 's notifications to the customer involves the risk of delayed delivery and response.

The SMS banking channel also acts as the bank's means of alerting its customers, especially in an emergency situation; e.g. when there is an ATM fraud happening in the region, the bank can push a mass alert (although not subscribed by all

customers) or automatically alert on an individual basis when a predefined 'abnormal' transaction happens on a customer's account using the ATM or credit card. This capability mitigates the risk of fraud going unnoticed for a long time and increases customer confidence in the bank's information systems.

Compensating controls for lack of Encryption

The lack of encryption on SMS messages is an area of concern that is often discussed. This concern sometimes arises within the group of the bank's technology personnel, due their familiarity and past experience with encryption on the ATM and other payment channels. The lack of encryption is inherent to the SMS banking channel and several bank s that use it have overcome their fears by introducing compensating controls and limiting the scope of the SMS banking application to where it offers an advantage over other channels. Suppliers of SMS banking software solutions have found reliable means by which the security concerns can be addressed. Typically the methods employed are by pre-registration and using security tokens where the transaction risk is perceived to be high. Sometimes ATM type PINs are also employed but the usage of PINs in SMS banking makes the customer's task more cumbersome.

Technologies Employed for SMS Banking

Most SMS banking solutions are add-on products and work with the bank's existing host systems deployed in its computer and communications environment. As most bank s have multiple backend hosts, the more advanced SMS banking systems are built to be able to work in a multi-host banking environment; and to have open interfaces which allow for messaging between existing banking host systems using industry or de-facto standards.

Well developed and mature SMS banking software solutions normally provide a robust control environment and a flexible and scalable operating environment. These solutions are able to connect seamlessly to multiple operators in the country of operation. Depending on the volume of messages that are require to be pushed; means to connect to the SMS could be different, such as using simple modems or connecting over leased line using low level communication protocols. Advanced SMS banking solutions also cater to providing failover mechanisms and least-cost routing options.

The Possible Future for Mobile Banking

Payment on approval by SMS

This feature allows for joint accounts or business account to have a pre-determined limit to prompt for either supervisor or joint account holder approval. A payment request is made from the account to another pre-nominated account; a message is then send to either the supervisor or joint account holder to also approve the payment.

Two-stage confirmed payment

This payment process is similar to a letter of credit, when the end user sends a payment instruction for goods or services, the amount of the payment will be transferred to a specific account. The beneficiary will be notified that the amount is guaranteed. Once the goods or services are delivered the end user/payee will be able to accept or reject the goods/services and make payment accordingly by approving or denying the payment process.

Mobile Payment in Retail Outlets

Using nothing but their own mobile handset, consumers will be able to make purchased at a wide variety of retail outlets. Let's use the supermarket as a common example: the consumer needs to make a purchase from a supermarket, he/she goes to the cashier and sends a payment request along with his/her password and the specific POS machine number. The system will then send back a Digital Money Sequence Number (DMSN) to the buyer. When asking to pay for the goods, the cashier will use his/her special banking card, and when the buyer is asked for a password all they need to do is enter the DMSN. As long as the transaction is within the daily limit of the account the transaction will take place instantly.

CH6. E- Banking

Introduction of E- banking

The acceleration in technology has produced an extraordinary effect upon our economy in general has had a particularly profound impact in expanding the scope and utility of financial products over the last ten years. Information technology has made possible the creation, valuation, and exchange of complex financial products on a global basis and even that just in recent years. Derivatives are obviously the most evident of the many products that technology has inspired, but the substantial increase in our calculation has permitted a variety of other products and, most beneficially, new ways to unbundled risk.

What is really quite extraordinary is that there is no sign that this process of acceleration in financial technology is approaching an end. We are moving at an exceptionally rapid pace, fueled not only by the enhanced mathematical applications produced by our ever rising computing capabilities but also by our expanding telecommunications capabilities and the associated substantial broadening of our markets.

Functions of E-banking

At present, the personal e- bank system provides the following services: -

1. Inquiry about the information of account:

The client inquires about the details of his own account information such as the cards / account's balance and the detailed historical records of the account and downloads the report list.

2. Card accounts' transfer:

The client can achieve the fund to another person's Credit Card in the same city.

3. Bank -securities accounts transfer:

The client can achieve the fund transfer between his own bank savings accounts of his own Credit Card account and his own capital account in the Securities Company. Moreover, the client can inquire about the present balance at real time.

4. The transaction of foreign exchange:

The client can trade the foreign exchange, cancel orders and inquire about the information of the transaction of foreign exchange according to the exchange rate given by our bank on net.

5. The B2C disbursement on net:

The client can do the real-time transfer and get the feedback information about payment from our bank when the client does shopping in the appointed web-site.

6. Client service:

The client can modify the login password, information of the Credit Card and the client information in e- bank on net.

7. Account management:

The client can modify his own limits of right and state of the registered account in the personal e- bank, such as modifying his own login password, freezing or deleting some cards and so on.

8. Reporting the loss if the account:

The client can report the loss in the local area (not nationwide) when the client's Credit Card or passbook is missing or stolen.

Types of E- banking

1. Deposits, withdrawals, inter-account transfer and payment of linked accounts at an ATM;
2. Buying and paying for goods and services using debit cards or smart cards without having to carry cash or a cheques book;
3. Using a telephone to perform direct banking- make a balance enquiry, inter-account transfers and pay linked accounts;
4. Using a computer to perform direct banking- make a balance enquiry, inter-account transfers and pay linked

Advantages of E-Banking

1. Account Information: Real time balance information and summary of day's transaction.
2. Fund Transfer: Manage your Supply-Chain network, effectively by using our online hand transfer mechanism. We can affect fund transfer on a real time basis across the bank locations.
3. Request: Make a banking request online.
4. Account information: The complete database that the bank has about our company is available to us at our terminal. It provides us:
   - Current balance in our account on real-time basis.
   - Day's transactions in the account.
   - Details of cash credit limit, drawing power, amount utilized, etc.
5. The real life situation of user-wise limits and multilevel signatories can be mapped in the net-based fund transfer module too. We can specify user-wise cap for fund transfer and the number of approvals needed for each fund

transfer. The fund transfer will not take place unless the required number of signatories has approved it.

6. With a power of Attorney from our dealers, we can link the dealer's accounts to our account in order to have an online fund transfer, saving us time and money involved with cheques collections systems. Alternatively, the dealer can credit our account through this channel. Similarly, we could also affect vendor and other payments online.
7. Customers can also submit the following requests online: Registration for account statements by e-mail daily / weekly / fortnightly / monthly basis.
   - Stop payment or cheques
   - Cheque book replenishment
   - Demand Draft / Pay-order
   - Opening of fixed deposit account Opening of Letter of credit
8. The company does not have to spend anything extra to avail such facilities. All it requires is Internet connectivity. The product enables the company to pro-actively manage its cash flows, ease reconciliation efforts as all the MIS is available at the click of the mouse.
9. Bill Payment through Electronic banking: Internet has thus ushered the concept of anytime and anywhere banking. To the individual the onerous task of visiting several places to settle his service bills like telephone, water, electricity, etc., can be overcome through the electronic Bill Pay service provided by the bank. He can pay his regular monthly bills (telephone, electricity, mobile phone, insurance, etc.) right from his desktop. No more missed deadlines, no more loss of interest. He can schedule his bills in advance, and thus avoid missing the bill deadlines as well as earn extra interest on his money.

10. Other benefits: The e- banking provides some other benefits also.

They are:

- Convenience.
- Speed of concluding transactions.
- Safety- banking from own home.
- Economy- banking without visiting your bank.
- Cheaper service fees.
- Seamless Integration with existing environment (IDM-Intelligent Data Module).
- Highly Saleable.
- Easy Customization.
- Lower Costs of both Installation and Maintenance.

Limitation of E- banking:

1. Safety situations around ATMs.
2. Abuse of bank cards by fraudsters at ATMs.
3. Danger of giving your card number when buying on-line.

CH7. I.T in Banks

The reforms in the 1990s, which led to expansion, consolidation and liberalization of the banking and financial sector in India, brought in many changes and challenges. A number of private and foreign players entered the Indian market with superior technologies that helped them service their customers efficiently through multiple channels such as ATMs and Online banking. Indian bank s on the other hand has been using IT more out of compulsion and primarily for transaction processing. They now need to adopt IT to reposition bank s into the integrated financial services market.

The need for providing improved customer service, reducing transaction costs and increasing productivity, shall be the main drivers for banking sector to adopt IT. These considerations are particularly important for public sector bank s in India, who are facing immense competition from private and foreign bank s. IT can help them move from the present scenario where they are working as isolated islands to providing a centralized banking experience. There is a need today for IT and the financial community to come together and develop customized IT solution to make the Indian banking sector globally competitive.

IT adoption in the banking sector will provide real time availability of transaction processing through multiple channels. It would enhance a bank's ability to cross sell products, ensure better management and security and safety of funds and increase efficiently through integration of systems across various locations. It would also ensure efficient management of Non Performing Assets (NPAs), minimize transactions costs, enhance ability to conduct in-depth financial analysis and gather business intelligence. Enhanced use of IT would also encourage the use

of Internet to provide access for online bill payments, fund transfers and e-statements in addition to encouraging wireless mobile banking and e-commerce.

With growing competition faced by foreign bank s and financial institutions, the public sectors bank s in co-operation with the Indian IT industry would need to equip themselves for the next phase of introducing the benefits of IT to their customers by providing a centralized banking solution.

Opportunity for Indian banking sector in branch computerization

1. IT Networking

2. System Relationship Management

3. Customer Relationship Management (CRM) Applications

4. Back Office processing and Call Centers

5. Data warehousing/Data mining

6. Mobile banking and e- banking.

Different uses of Information Technology:

a) Tele Banking
b) Any Time Banking
c) Automated Teller machine
d) Shared Payment Network System
e) Customer Service
f) Mobile banking
g) Electronic Fund Transfer
h) Plastic Cards as Media for Payment: Credit card, debit card, smart card, ATM card

SURVEY & FINDINGS

From the survey conducted on the Mobile banking from Customers

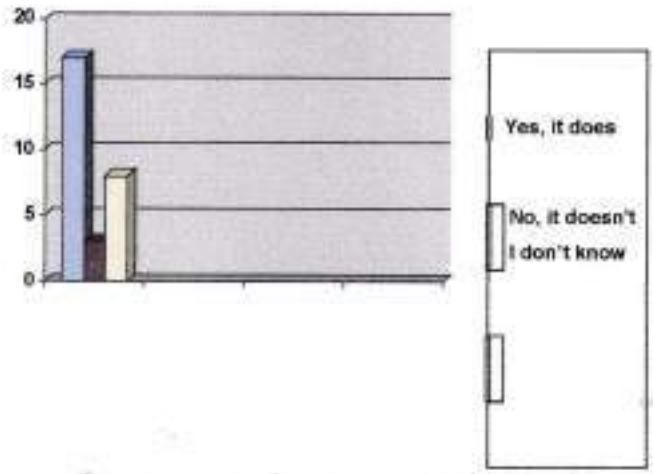
1. Do you know about the mobile banking facility provided by banks?

This graph represents the amount of customers who are aware of the mobile banking facility.

From this graph we can see that Indians are well aware of the services such as mobile banking which are provided by bank s to them. A service such as mobile banking is definitely not a new concept to the Indian people.

They are responsive and are appreciative of the bank efforts to lighten the load on branches and subsidiaries.

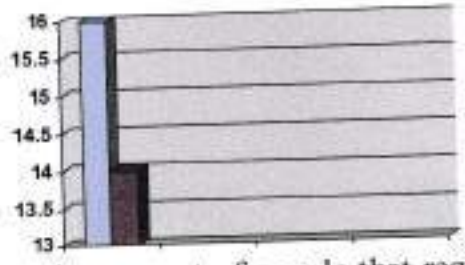
2. Are you aware whether your bank provides the mobile banking facility?



This graph represents the amount of customers who prefer to bank using mobile banking services or traditional banking methods.

From this graph it is quite clear that people are still wary about mobile banking. They still prefer to bank using traditional methods of banking because they have full confidence is such methods. The main reason for the fall of mobile banking graph is that people believe that banking through mobile phone is risky and that it can lead to information falling into the wrong hands. However with new and improved security measures like encryption, and password protected services all the risks and worries can be wiped away.

3. Is mobile banking one of the criteria you are looking for in a bank ?



This graph represents the amount of people that require mobile banking services and bank with only those that provides such a facility,

This shows that the Indian people are constantly on the move and require some method to bank while on the move. Therefore mobile banking is definitely demanded by them so that they can opt for it whenever they require. Even though they may prefer the traditional method of banking to the mobile banking facility, the people want to keep their options open at the time of need, and hence prefer a bank that provides mobile banking from one that does not.

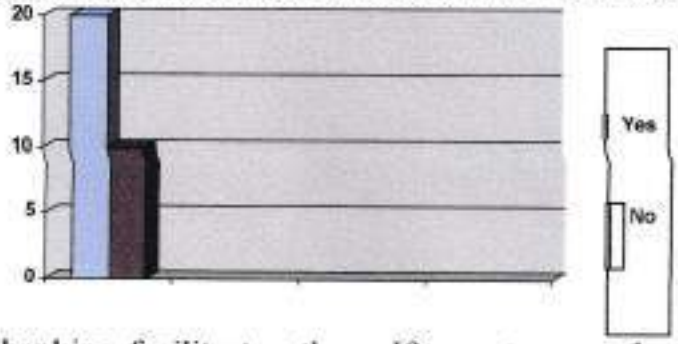
4. Do you have confidence in the mobile banking facility?

This graph represents the amount of customers who have confidence in mobile banking.

This graph shows us that the Indian people are still unsure and are not confident enough to venture into banking using mobile phones. They believe that threading on unknown territory can be harmful and can lead to huge losses due to fraud or theft. To get over this notion the Indian public needs some evidence to prove that mobile banking is safe and secure and the only evidence are the people who constantly use such a facility.

5. Would you recommend such a facility to others?

This graph represents the amount of customers that would vouch and recommend

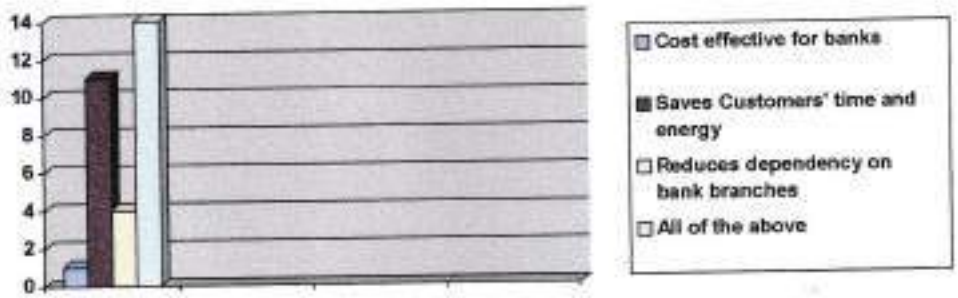


the mobile banking facility to others. If a customer, who has used the mobile banking facility in the past, recommends such a facility to others it means that it has had a good impact on him, otherwise he would not be doing so.

Moreover, it works out well for mobile banking because word of mouth publicity is the best publicity ever.

A point to be noted is that even though the Indian people are not fully confident about mobile banking, they are willing to experiment with new ideas and innovations but at a slow and cautious pace, which is a good turnover for mobile banking.

6. Why do you feel mobile banking is beneficial to society?



The graph represents why mobile banking is beneficial to the society.

As it can be clearly seen, a major segment of the survey graph points out that mobile banking saves time and energy of the customers as well as is beneficial in all three ways, that is, cost effective for banks, saves customers time and energy and reduces dependency on bank branches.

This shows that mobile banking is not only beneficial to the customer but also to the bank that provides them as the bank can reduce its cost by hiring fewer personnel to take post in various bank branches, it can reduce crowding in bank branches because transactions can be taken care off or dealt with without having to enter a bank branch.

Survey Reports

The first and foremost reason for conducting a survey is to better understand the basic functionality of mobile banking. The working of the mobile banking software in a banking environment, the procedure involved in adopting this service and the type, class and amount of people that it caters to, can best be expressed and understood by conducting a survey on the bank s that provide them.

Conclusion

With the rapid development of transport and communication, people and services are coming together as if they were just around the corner. If this is the case for many services, then why should the banking industry lag behind?

Internet banking, phone banking, e-banking and now mobile banking all enable the bank to be better connected with the customer and vice versa. A customer who is provided with a variety of additional services feels appreciated and is more likely to be loyal to that bank, which is always a good sign for a bank.

In the end mobile banking not only helps a bank to reduce costs but also helps it to retain its valuable customers. And as far as customers are concerned, this facility enables the customer to bank anywhere, at anytime and in any condition, definitely a boon if a customer is stuck in the middle of nowhere and requires banking services as soon as possible.

Thus mobile banking helps both, the customer as well as the bank, to lighten the burden of today's world and to save time, money and energy which is greatly required and appreciated. In a competitive world where everyone is waiting to outdo the other, a helping hand, in whatever forms and from whatever source, is definitely god sent and should not go unrecognized.

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Survey sources:

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Registration No: 201801040702 of 2018-19

PROJECT

E-Commerce – A STUDY ON THE IMPACT OF ONLINE RETAILINGON THE SECTOR A CASE ON FLIPKART

(Submitted for the Degree of B.Com. Honours in Accounting under University of Burdwan)

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Submitted by

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Supervised by

Name of the Supervisor:Prof. Sukumar Dan

Name of the College: Balagarh Bijoy Krishna Mahavidyalaya

Month & Year of Submission: June, 2021

ACKNOWLEDGMENT

I am sincerely thankful to Prof. Sukumar Dan, under whose guidance I have successfully completed this project and time spent with him had been a great learning experience. I think him constant encouragement, warm responses and for filling every gap with valuable ideas has made this project successful. He made it possible for me to put all my theoretical knowledge to work out on thetopic:"E-Commerce [A STUDY ON THE IMPACT OF ONLINE RETAILING ON THE SECTOR A CASE ON FLIPKART]"

A vast project of this nature calls for intellectual nourishment, professional help and encouragement from many people. We are highly thankful to all of them for their help and encouragement. We wish to acknowledge our great debt to all of them whose ideas and contribution influenced me to complete the project work.

ANNEXURE 1A,

SUPERVISOR'S CERTIFICATE

This is to certify that Mr. Koushik Biswas a student of B.Com. Honours in Accounting & Finance of The **Balagarh Bijoy Krishna Mahavidyalaya**under the University of Burdwan has worked under my supervision and guidance for his Project Work and prepared a Project Report with the title **E-Commerce – A STUDY ON THE IMPACT OF ONLINE RETAILING ON THE SECTOR A CASE ON FLIPKART.**

This project report, which he is submitting is his genuine and original work to the best of my knowledge.

Signature :

Name : **Prof.Sukumar Dan**

Designation : **ASSOCIATE PROFESSORIN COMMERCE**

Name of the College : Balagarh Bijoy Krishna Mahavidyalaya

Place : **Jirat, BALAGARH, HOOGHLY-712501**

Date : 12/07/21

ANNEXURE – 1B

STODENT DECLARATION

I hereby declare that the Project Work with the title **E-Commerce** – A STUDY ON THE IMPACT OF ONLINE RETAILING ON THE SECTOR A CASE ON FLIPKART submitted by me for the partial fulfilment of the degree of B.Com. Honours in Accounting & Finance under the University of Burdwan is my original work and has not been submitted earlier to any other University/Institution for the fulfilment of the requirement for any course of study.

I also declare that no chapter of this manuscript in completely or in part has been incorporated in this report from any earlier work done by others or by me. However, extracts of any literature which has been used for this report has been duly acknowledged providing details of such literature in this references.

Signature	: Koushik Biswas
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CHAPTER 1

INTRODUCTION

INTRODUCING THE TOPIC –

1. **E-COMMERCE**

   Although the terms e-commerce and e-business are often used interchangeably, there are differences. E-commerce is the buying and selling of goods and services on the Internet or other computer network. Any brick and mortar store can become an e-commerce business by adding a virtual storefront with an online catalogue. In most cases, e-business refers exclusively to Internet businesses, but it may also refer to any business that uses Internet technology to improve productivity and profitability.

2. **E-BUSINESS**

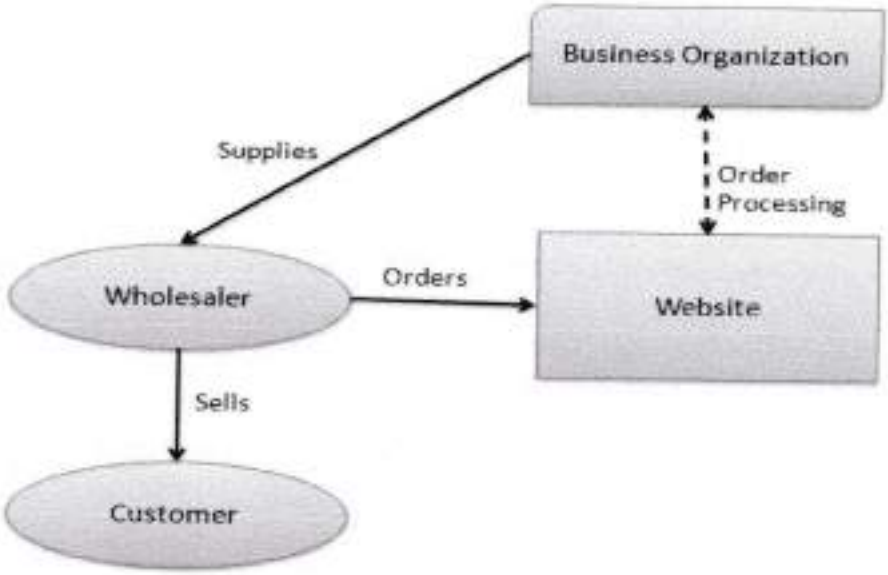
   Business transactions that involve the exchange of money are covered by the term e-commerce. E-business includes all aspects of running a business that sells goods and services, including marketing, earning and retaining customers, procurement, developing business partners and customer education. In order to be successful, e-commerce and e-businesses must have quality storefronts that are simple to navigate and peruse, with accurate and thorough catalogue information. E-business became an extension of e-commerce to encompass all aspects of businesses that function online. E-business involves e-commerce, but e-Commerce does not cover all aspects of e-business.

3. **BUSINESS MODELS** E-Commerce or Electronics Commerce business models can generally be categorized in the following categories:-

- Business - to - Business (B2B)
- Business - to - Consumer (B2C)
- Consumer - to - Consumer (C2C)
- Consumer - to - Business (C2B)
- Business - to - Government (B2G)
- Government - to - Business (G2B)
- Government - to - Citizen (G2C)

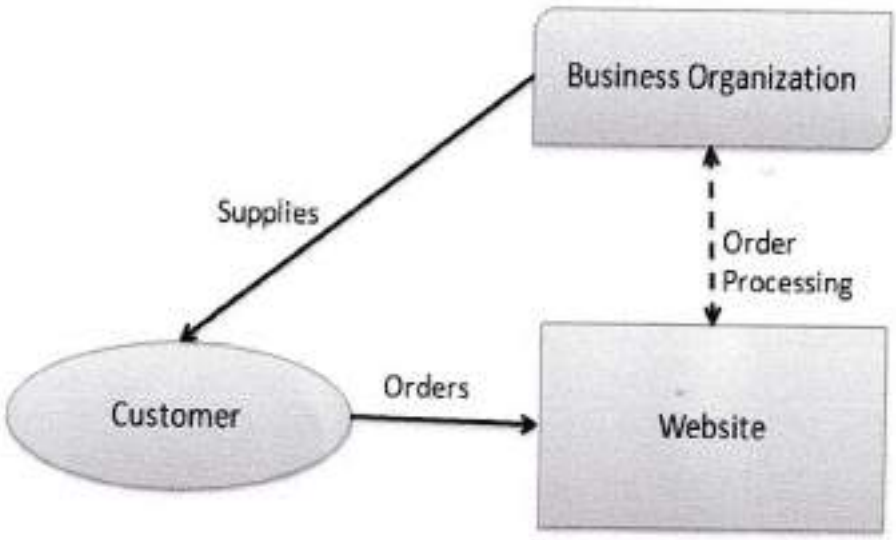
Business - to - Business (B2B)

Website following B2B business model sells its product to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to final customer who comes to buy the product at wholesaler's retail outlet.



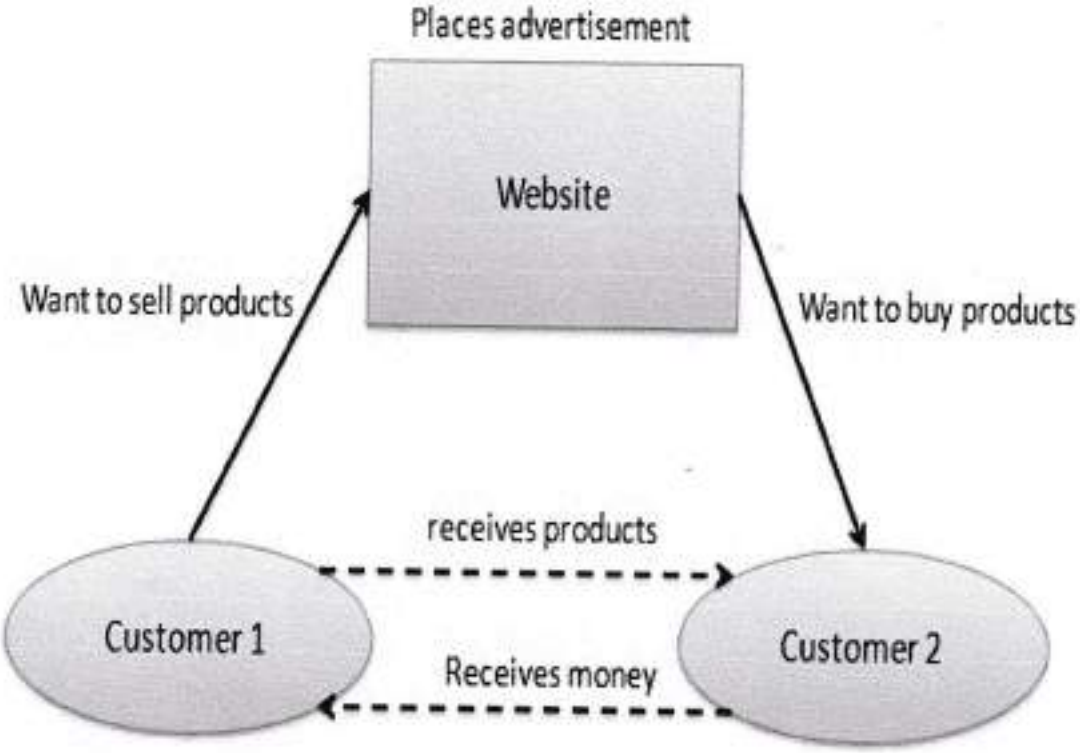
Business - to - Consumer(B2C)

Website following B2C business model sells its product directly to a customer. A customer can view products shown on the website of business organization. The customer can choose a product and order the same. Website will send a notification to the business organization via email and organization will dispatch the product/goods to the customer.



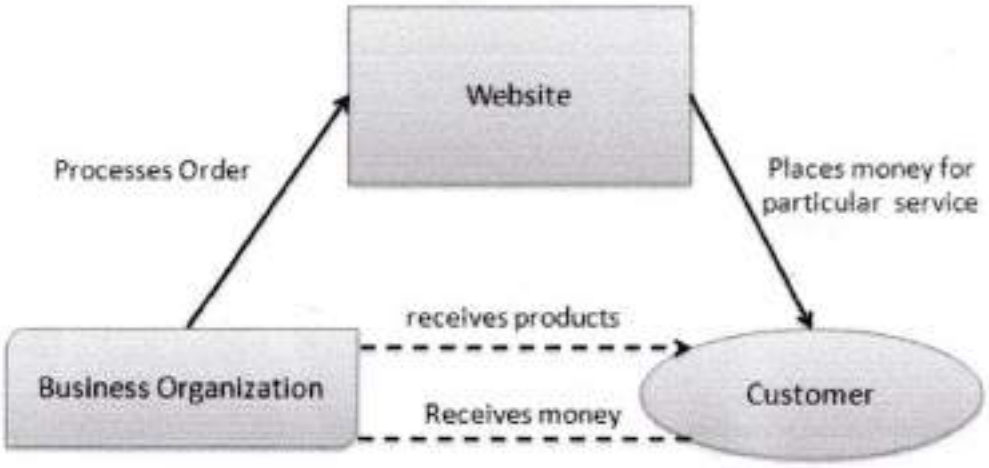
Consumer - to - Consumer (C2C)

Website following C2C business model helps consumer to sell their assets like residential property, cars, motorcycles etc. or rent a room by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/advertisement on the website.



Consumer - to - Business (C2B)

In this model, a consumer approaches website showing multiple business organizations for a particular service. Consumer places an estimate of amount he/she wants to spend for a particular service. For example, comparison of interest rates of personal loan/ car loan provided by various banks via website. Business organization who fulfills the consumer's requirement within specified budget approaches the customer and provides its services.



Business - to - Government (B2G)

B2G model is a variant of B2B model. Such websites are used by government to trade and exchange information with various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.

Government - to - Business (G2B)

Government uses B2G model website to approach business organizations. Such websites support auctions, tenders and application submission functionalities.

Government - to - Citizen (G2C)

Government uses G2C model website to approach citizen in general. Such websites support auctions of vehicles, machinery or any other material. Such website also provides services like registration for birth, marriage or death certificates. Main objectives of G2C website are to reduce average time for fulfilling people requests for various government services.

NEED OF THE STUDY (E-COMMERCE)

1. Exploitation of New Business

Broadly speaking, electronic commerce cmphasizes the generation and exploitation of newbusiness opportunities and to use popular phrases: "generate business value" or "do more with less".

2. Enabling the Customers

Electronic Commerce is enabling the customer to have an increasing say in what products are made, how products are made and how services are delivered (movement from a slow order fulfillment process with little understanding of what is taking place inside the firm, to a faster and rt1ore open process with customers having greater control.

3. Improvement of Business Transaction

Electronic Commerce endeavors to improve the execution of business transaction over various networks.

4. Effective Performance

It leads to more effective performance i.e. better quality, greater customer satisfaction and better corporate decision making.

5. Greater Economic Efficiency

We may achieve greater economic efficiency (lower cost) and more rapid exchange (high speed, accelerated, or real-time interaction) with the help of electronic commerce.

6. Execution of Information

It enables the execution of information-laden transactions between two or more parties using inter connected networks. These networks can be a combination of 'plain old telephone system' (POTS), Cable TV, leased lines and wireless. Information based transactions are creating new ways of doing business and even new types of business.

7. Incorporating Transaction

Electronic Commerce also inco11'orates transaction management, which organizes, routes, processes and tracks transactions. It also includes consumers making electronic payments and funds transfers.

8. Increasing of Revenue

Firm use technology to either lower operating costs or increase revenue. Electronic Commerce has the Potential to increase revenue by creating new markets for old products, creating new information-based products, and establishing new service delivery channels to better serve and interact with customers. The transaction management aspect of electronic commerce can also enable firms to reduce operating costs by enabling better coordination in the sales, production and distribution processes and to consolidate operations arid reduce overhead.

9. Reduction of Friction

Electronic Commerce research and its associated implementations is to reduce the "friction" in on line transactions frictions is often described in economics as transaction cost. It can arise from inefficient market structures and inefficient combinations of the technological activities required to make a transaction. Ultimately, the reduction of friction in online commerce will enable smoother transaction between buyers, intermediaries and sellers.

10. Facilitating of Network Form

Electronic Commerce is also impacting business .to business interactions. It facilitates the network form of organization where small flexible firms rely on other partner, companies for component supplies and product distribution to meet changing customer demand more effectively. Hence, an end to end relationship management solution is a desirable goal that is needed to manage the chain of networks linking customers, workers, suppliers, distributors and even competitors. The management of "online transactions" in the supply chain assumes a central roll.

11. Facilitating for Organizational Model

It is facilitating an organizational model that is fundamentally different from the past. It is a control organization to theinformationbased organization. Theemerging forms of techno-organizational structure involve changes in managerial responsibilities, communication and information flows and work group structures.

LITERATURE REVIEW

Several researchers have carried out studies in their effort to examine consumers 'online buying behavior. For example, Bellman et al (1999) investigated various predictors for whether an individual will purchase online. These authors concluded that demographic variables, such as income, education and age, have a modest impact on the decision of whether to buy online, whereas the most important determinant of online shopping was previous behavior, such as earlier online purchases. This is consistent with Forrester Research which proved that demographic factors do not have such a high influence on technology as the consumers 'attitudes do (Modal, 2000). Stein field and Whitten (1999) suggested that the combination of the Internet, plus physical presence, provides more opportunities to capture business than the online-only presence, because they can provide better pre-purchase and post-sales services to lower consumer transaction cost and build trust in online stores. However, it is worth mentioning that beliefs and attitudes that are found in the stage prior to the adoption of e-commerce are different to those in the —post-adoption‖ stage (Geffen et al, 2003; Venkatesh and Brown, 2001; Yu et al, 2005.

OBJECTIVE OF STUDY

- To find the factors that leads a website user to return to or recommend the website Flipkart.com
- To discover the key factors that influence online buying behaviour of consumers in India
- To identify who are the online shoppers in terms of demography
- To understand the customer awareness on Flipkart.com
- To determine the factors responsible for customer satisfaction

LIMITATIONS OF THE STUDY

No research is complete without admitting the limitations that was faced while conducting a study which will contribute to present learning. This study too like the others have certain constrains which has been discussed below.

- The study was restricted to Kolkata city only
- The study is mainly concentrated on Flipkart.com
- The sample of the size will be limited to time and resources
- The information will be collected valid until there is no any technical change or any innovation

- The result is assuming that respondents have given accurate information

RESEARCHMETHODOLOGY

AREA OF STUDY –

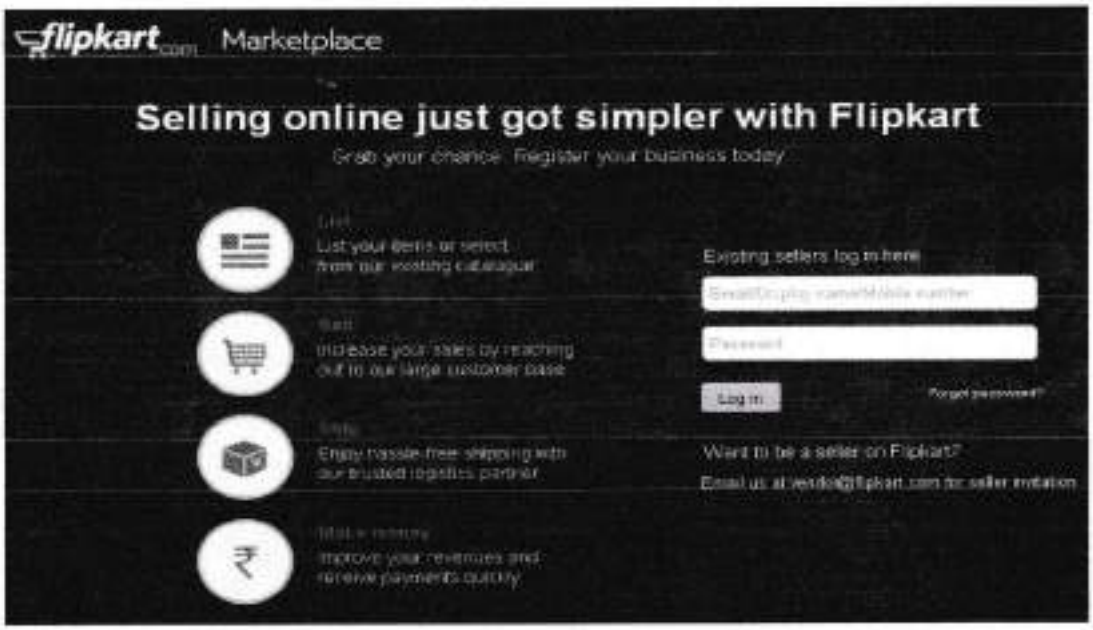
B2C Model of E-Commerce taking the example of www.flipkart.com which is our case study of this project pertaining to one of the models (B2C) of E-Commerce and the main crux of this study will be to see how www.flipkart.com has utilized the B2C Model to revolutionize E-Commerce in India.

The Organization, which I have selected for my Study, is "Flipkart.com" an Emerging Indian online mega store. I would be studying the strategies that the portal have used to attract Indian masses, so as to give them the total online shopping experience, the portal offers an unique strategy towards the masses to make payment modes like Cash & Card on delivery, which invariably helps the masses to avoid the hassle of making online payments, as the credit card penetration in India is very low, &people are reluctant to make online payments more to do with the Indians psyche. Since portals are giving a customized offering to the masses i.e rite from the wider product portfolio to payment options, its' making very convenient for the users to have an online shopping experience hassle free. Flipkart has followed the same business model as of Amazon.comi.e starting from selling books therefore we can call it as "Flipkart - The Amazon of India ", however Flipkart is now Regional based E-business portal i.e only targeting Indian Market. More Interesting is that, the minds that worked to start Flipkart are also the Ex. Amazon Employees.

Flipkart.com is an Indian based e-commerce company started by Binny Bansal and Sachin Bansal, who previously worked at Amazon.com. Post their experience, they ventured into a similar e-business idea and launched it in India. Flipkart.com works with the aim of making products and goods easily available at the doorsteps of anyone who has Internet access. Flipkart.com started off from selling books in 2007, based in Kolkata, and entered then consumer electronics category with the launch of mobile phones, in September 2010. Since then it kept on adding more new products categories including books, mobiles, computers, cameras, home & electronic gadgets& appliances, In addition to these very Recently, Flipkart.com has also widened its foray by entering into the emerging digital content market with the recent launch of Flyte, the digital music store & is still continuing to enlarge its product portfolio. It is now one of the leading e-commerce players in India,

currently ranked no.1 online shopping site in India, spread in 37 cities, with 11.5 million plus book titles, 14 different categories, 26 million plus registered users and sale of 100000items a day. It provides online shoppers a memorable online-shopping experience because of its innovative services like:

- Cash on Delivery,
- 30-day replacement policy,
- Easy Monthly Instalment options (EMI),
- Free shipping
- Discounted prices & deals



TYPE OF STUDY –

1. Flipkart'srevolutionary workings which has completely overhauled purchase of products from physical presence in the market to the purchase of products Online, utilising the B2C model of E-Commerce;
2. Analysis and Trends of change in the Market induced by Flipkart.

TOOLS FOR DATA COLLECTION:–

Usingvarious survey reports conducted by Flipkart.com for the betterment of Customer service.

METHOD OF ANALYSIS –

Comparison of situations using Graph Analysis and Percentage Analysis.

TABLES

Table 1:-*Some household types and their affinity with b2c e-commerce.*

Household type Affinity with b2c e-commerce

1. Young adults (< 30 years)	Skilled, frequently using the Internet, eager to know new things but with limited financial resources; not yet regular Internet shoppers, but likely to be so in the future, especially when living in rural areas.
2. The elderly (> 60 years)	Insufficient skills, sometimes with financial means and lacking certainphysical abilities, but not at all time-pressed; hence limitedinvolvement in b2c e-commerce, which may gradually change over in the next two decades, especially when living in rural areas.
3.Time-pressed families	Highly skilled, double-income, time-pressured households with children and some affinity with new technologies; potential or present Internet shoppers, especially when living in rural areas.
4. 'Active, on-the-go-lifestyles'	Highly skilled, high-income, time-pressured professionals with a highaffinity for new technologies; potential or present Internet shoppers,especially when living in rural areas.

Table 2:-*Transaction cost reductions due to e-commerce.*

	Consumers (buyers)	Businesses (suppliers)	Advantages of e-commerce
Contact	Search for product alternatives, become aware of needs and possibilities	Look for selling alternatives, consider manifest or potential needs of clients, and	Enhanced access to information implies better search, matching

	tofulfill them, match alternatives, and evaluate outcomes.	determine their capacity to fulfill these needs.	andevaluation possibilities. Efforts to enhance customer loyalty may reduce this advantage, however.
Contract	Negotiate the terms of a transaction, draft a preliminary contract, anticipate possible future problems, and propose changes in the contract.		Shift of administrative costs from sellers to buyers. Online planning systems reduce costs at his stage.
Control	Monitor the realization of the transaction process, compare with contract details. Deviations lead to haggling, adjustment of contracts, sanctions or third-party mediation.		More information available through online control systems, e.g. tracking-andtracing. In case of opportunistic behaviour, e-commerce is not a sufficient tool to handleproblems.
During the entire process	Both parties invest time, effort and money in preventing misunderstandings, mistakes and misspecifications, incomplete fine-tuning or applications.		More and better (interactive) information facilitates ongoing communication.

Source: adapted from Nooteboom (1994), pp. 32–33.

CHAPTER 2

CONCEPTUAL FRAMEWORK / NATIONAL AND INTERNATIONAL SCENARIO

NATIONAL SCENARIO -

Flipkart has worked wonders in the field of E-Commerce, wholly revolutionising the way Indians purchased products, that too directly from the conglomerates themselves. This was brought about by a sound Finance System.

Initially, the founders had spent ₹4lakh to set up the business. Flipkart has later raised funding from venture capital funds Accel India (US$1 million in 2009)and Tiger Global (US$10 million in 2010 and US$20 million in June 2011). On 24 August 2012, Flipkart announced the completion of its 4th round of $150 million funding from MIH (part of Naspers Group) and ICONIQ Capital. The company announced, on 10 July 2013, that it has raised an additional $200 million from existing investors including Tiger Global, Naspers, Accel Partners and Iconiq Capital.

Flipkart's reported sales were ₹40 million in FY 2008–2009, ₹200 million in FY 2009–2010and ₹750 million for FY 2010–2011. In FY 2011–2012, Flipkart is set to cross the ₹5 billion (US$100 million) mark as Internet usage in the country increases and people get accustomed to making purchases online. Flipkart projects its sales to reach ₹10 billion by year 2014. On average, Flipkart sells nearly 20 products per minuteand is aiming at generating a revenue of ₹50,000 crore (US$.8 billion) by December 2015.

On November 2012, Flipkart became one of the companies being probed for alleged violations of FDI regulations of the Foreign Exchange Management Act, 1999.

In July 2013, Flipkart raised USD 160 million from private equity investors,

taking the total to USD 360 million in its recent fundraising drive to build and strengthen technology and bolster its supply chain.

In October 2013, it was reported that Flipkart had raised an additional $160 million from new investors Dragoneer Investment Group, Morgan Stanley Investment Management, Sofina SA and Vulcan Capital with participation from existing investor Tiger Global. With this, the company has raised a total $360 million in its fifth round of funding, the largest investment raised by an Internet company in India, emulating In Mobi's $200 million investment from Softbank in September 2011.

The company valued at approx.US$15.5 billion (May 2015), and plans to use the capital raised to improve its technology and supply chain capabilities, enhance its end user experience and for hiring.

India's e-commerce market was worth about $2.5 billion in 2009, it went up to $6.3 billion in 2011 and to $14 billion in 2012. About 75% of this is travel related (airline tickets, railway tickets, hotel bookings, online mobile recharge etc.). Online Retailing comprises about 12.5% ($300 millions of 2009).

India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-à-vis a global growth rate of 8–10%. Electronics and Apparel are the biggest categories in terms of sales.

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.

INTERNATIONAL SCENARIO –

Flipkart's reach has not yet reached the International market so we cannot comment on its International Scenario but the management has plans of extending its business to the South East Asian region.

The Change from traditional commerce to E-Commerce

For nearly 25 years, Dinesh Chopra lived with a locational handicap. Chopra sells computer parts, electronic gadgets and accessories from his outlet in Nehru Place — an assembly of several four-storey buildings. Although Asia's largest computer market registers thousands of footfalls every day, only a fraction brave the filth and dilapidation to climb up. "I'm on the first floor and that's my weakness," says Chopra, director, Softek Surya. "I don't get regular walking customers."

But Chopra does not mind anymore. "Now, they land on my shop via online marketplaces," he smiles. Softek is a registered seller on five online marketplaces, including eBay and Flipkart. "About 35 per cent of my marketplace buyers are from South India, who have never seen my shop," he says. His annual sales have rocketed from Rs 14 crore in 2010-11 to Rs 60 crore now; and 70 per cent of it is from online marketplaces, which are adding "muscle to business".

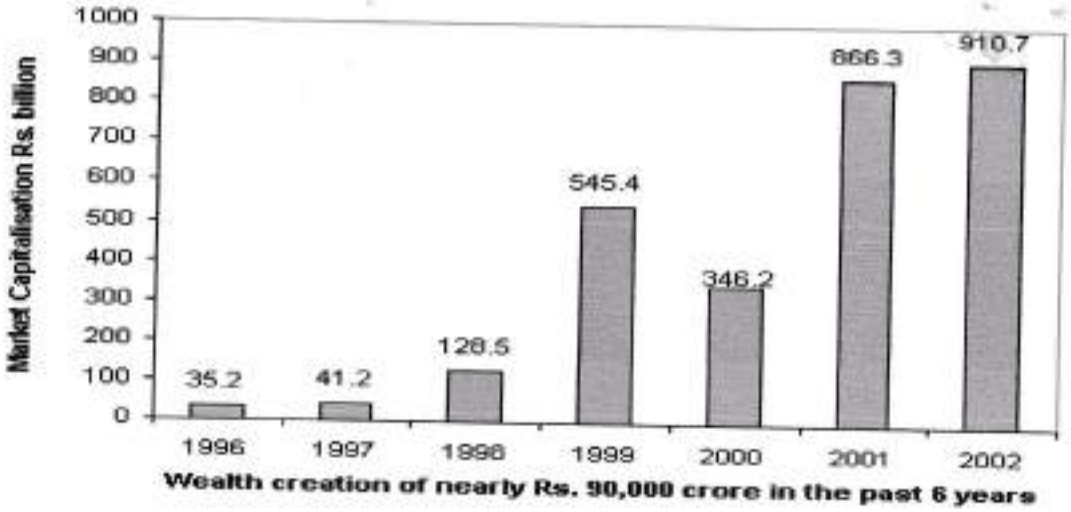
Chopra is a prime example of online marketplaces — branded e-tailers who host sellers, and connect them to buyers for a commission — empowering a small business to scale up.

An example of another kind of empowerment they are enabling is India Trend, which is in business only because of online marketplaces. Seven years ago, Parul Arora Mittal and her mother "tried their luck" by putting 20 pieces of jewellery on eBay. All were sold in a week. Today, Mittal's small operation exports handmade, alloy-metal jewellery, via eBay. "We never had the resources to set up a physical store," says the 30-year-old. Now, she has no reason to. "Since then, I have never even thought of a physical store. The online marketplace is my business place." And their numbers are increasing.

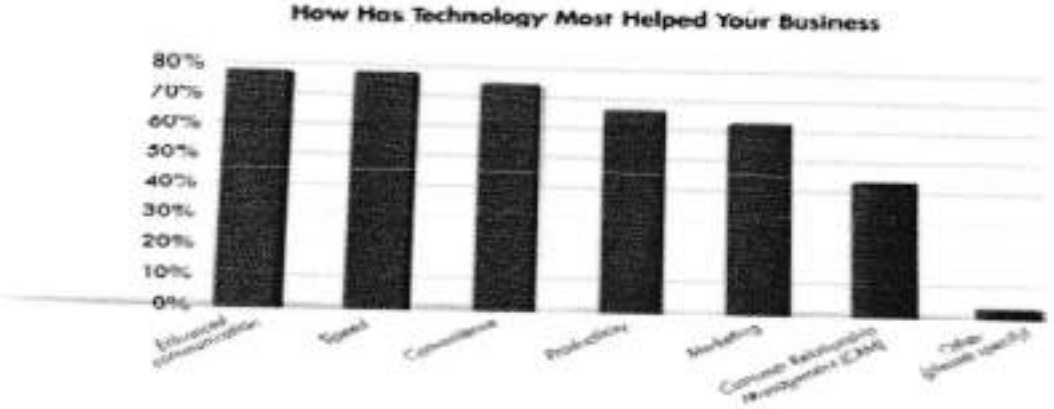
Amazon is the latest, launching its online marketplace in India in June. Globally, the world's largest retailer earns 40 per cent of its 2012 revenues of $61 billion (Rs 3,66,000crore) by selling other people's goods.

Sensing the groundswell and business logic even **Flipkart, India's largest online retailer, started selling goods of other sellers — the online marketplace model — along with its own goods.** "It's the right time as we have now built the Flipkart brand," says its co-founder & CEO Sachin Bansal, adding the online marketplace is the "right model for India".Such moves by e-commerce players is opening up a world of possibilities for small entrepreneurs like Chopra and Mittal.

Wealth creation by IT



The figure above clearly shows the meteoric rise of E-Commerce in Market Capitalisation by Retail stores in the new Millenium.
It is all because of online shopping sites such as e-bay, FLIPKART, Amazon, etc.



This is a survey conducted to find out how E-Commerce has impacted businesses in India. It clearly shows increase of an average of 70% in all the categories of change, thus, emphasising on the fact of the Rise and Rise of E-Commerce, and its Main Player, **FLIPKART**, in India.

CHAPTER 3

CAPITAL ANALYSIS AND FINDING

This chapter aims obtain the objective of the study by critically analyzing the qualitative data through thoroughly examining the interviewee's responses and beliefs. This has been achieved through evaluating the most relevant responses by the participants. The data has been analysed and discussed by comparing the comments made b ythe respondents with theliterature review keeping in mind the research objective of the study. Thus, the rationale of this analysis is based on the personal answers provided by the respondents. An appropriately designed questionnaire was used to collect the primary data for the study. The data for 100 respondents was organized systematically in tables and graphs and then was subjected to analysis using appropriate statistical tools. The results of the analysis are presented in the following section in order to assess the customer perception towards online shopping on Flipkart.com in India. Here for analyzing, we are considering two factors. That is:

- Demographical factors
- Behavioural factors

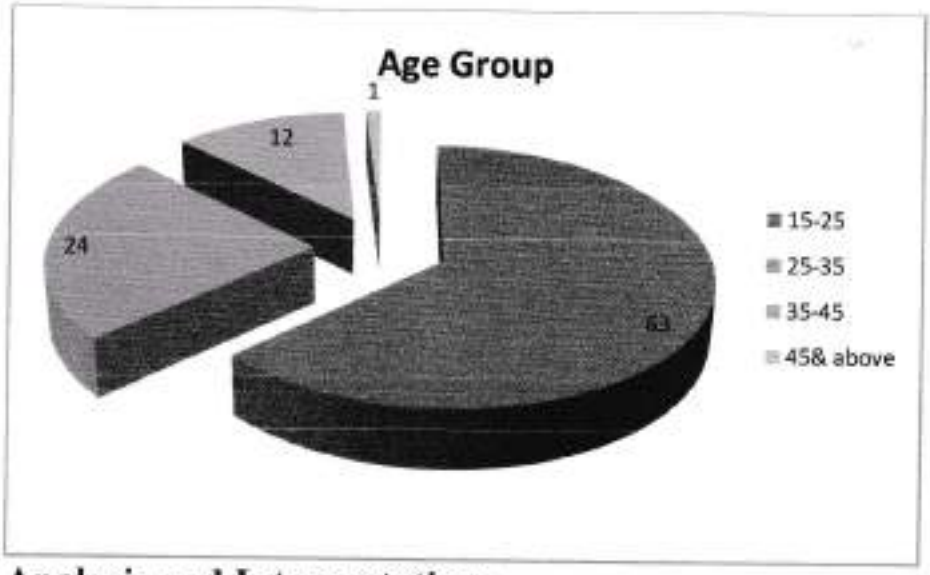
Demography

1. Age Group:

Table: Age wise respondents

	15-25	25-35	35-45	45& above	Total
No. of Respondents	63	24	12	1	100
Percentage	63	24	12	1	100

Graph: Agewise respondents



Analysis and Interpretation:

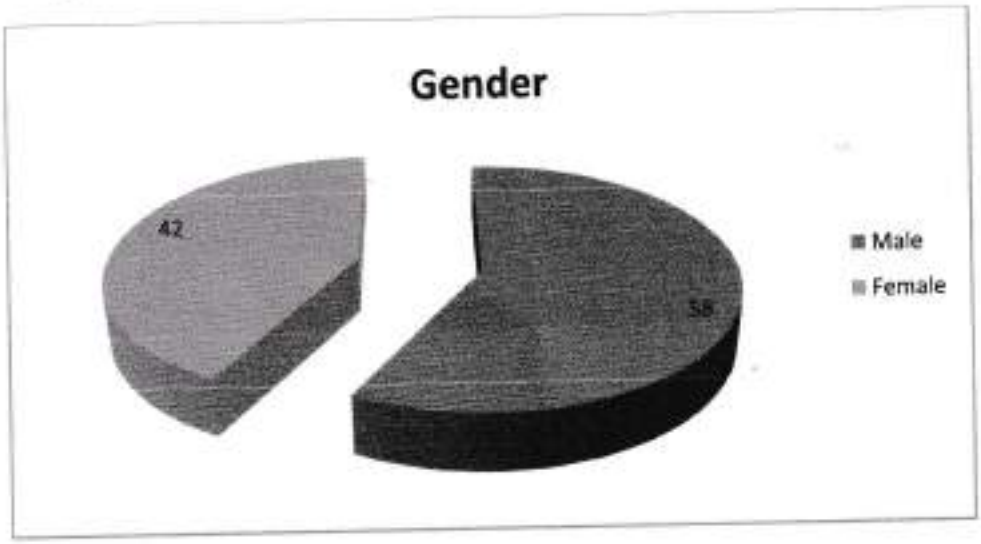
Below figure shows that 63% respondents are between 15-25 years old, 24% respondents are between 25-35 years old, 12%respondents between 35-45 years old, and 1% respondents are between 45& above. Overall result shows that between all of the respondents who has age between15 to 35 years (63%+24%=87%) people are more familiar to shop online on my target population.

2. Gender of Respondents

Table: Gender wise respondents

	Male	Female	Total
Responses	58	42	100
Percentage	58	42	100

Graph: Gender wise respondents



Analysis and Interpretation:

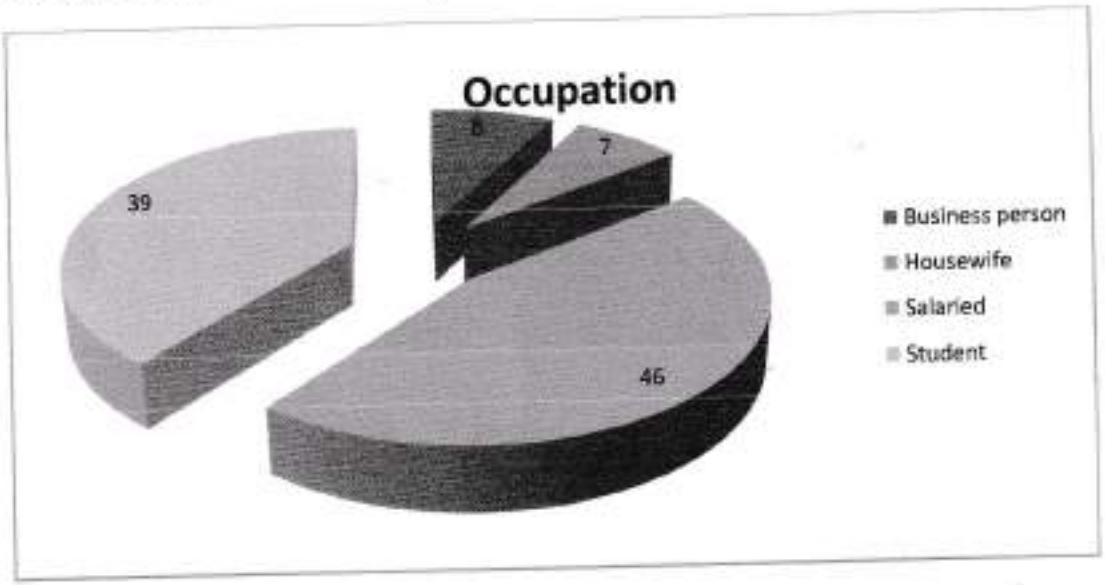
According to demography profile, in this study 58% male and 42% female respondents are part of my target population and they help me to fulfil my questionnaire from different area of Kolkata city. From these groups total respondents are 100. So, according to the survey result, the male respondents are more and can be told that they interested to shop online than female, even though both of them shop online.

3. Occupation

Table: Occupation wise respondents

	Business person	Housewife	Salaried	Student	Total
No. of Respondents	8	7	46	39	100
Percentage	8	7	46	39	100

Graph: Occupation wise respondents



Analysis and Interpretation:

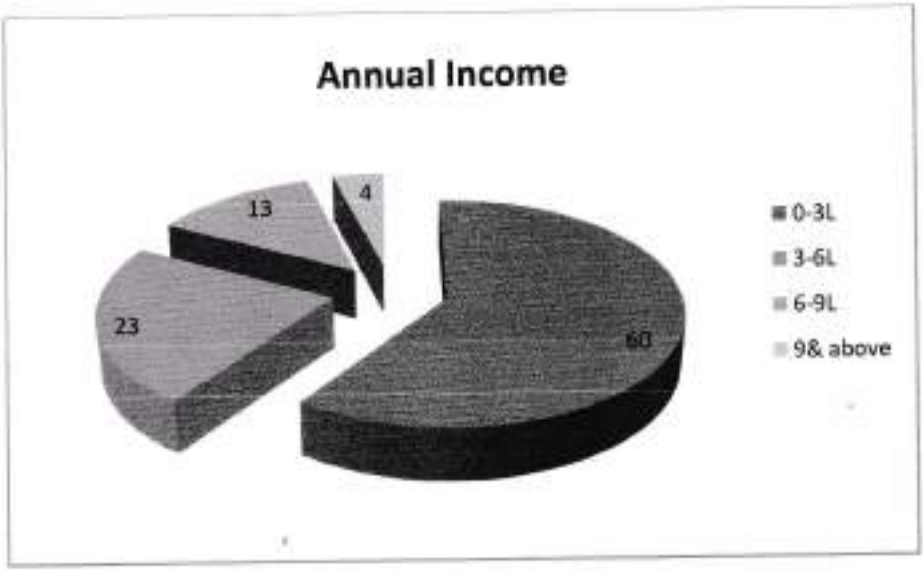
In this survey, 46% of the respondents are salaried and 39% are students. So they both together made majority of respondent's percentage (85%). 8% are business persons and 7%are House wife. Salaried persons and students will always look for new technologies and new services which make them more comfort.

4. Annual Income:

Table: Income wise respondent

	0-3L	3-6L	6-9L	9& above
No. of Respondents	60	23	13	4
Percentage	60	23	13	4

Graph: Income wise respondents



Analysis and Interpretation:

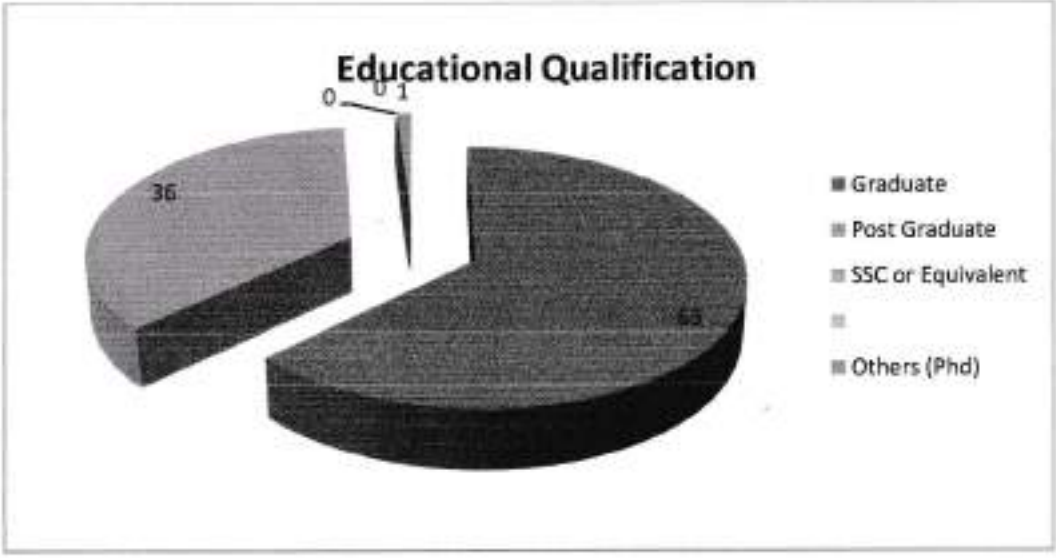
Since 39% of this survey is students most of them are of 0-3L income range, i.e. 60%. 23% of them are in 3-6L income range, 13% in 6-9L and 4% is 9 & above.

5. Educational Qualification

Table: Educational wise respondent

	Graduate	Post Graduate	SSC or Equivalent	Others (Phd)
No. of Respondents	63	36	0	1
Percentage	63	36	0	1

Graph: Educational wise respondent



Analysis and Interpretation:

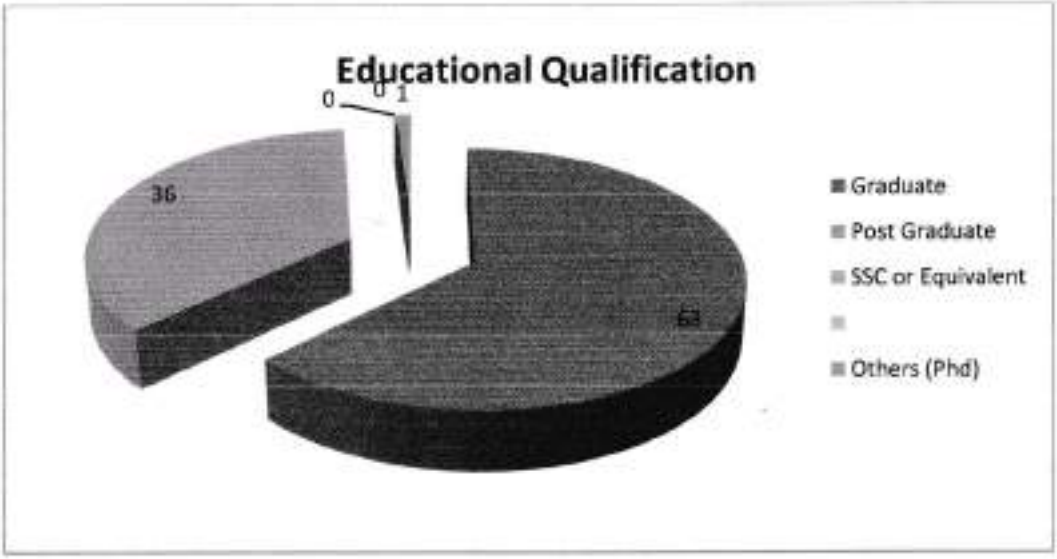
All of them in this survey are graduate and above qualified peoples only. Among these 63%are graduates, 36% are post graduates and one person is PhD.

5. Educational Qualification

Table: Educational wise respondent

	Graduate	Post Graduate	SSC or Equivalent	Others (Phd)
No. of Respondents	63	36	0	1
Percentage	63	36	0	1

Graph: Educational wise respondent



Analysis and Interpretation:

All of them in this survey are graduate and above qualified peoples only. Among these 63%are graduates, 36% are post graduates and one person is PhD.

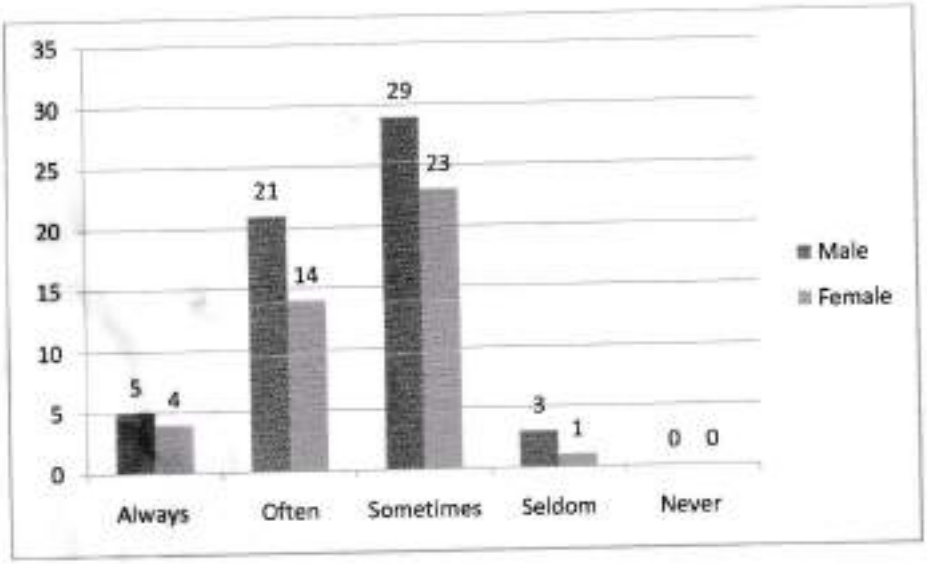
Behavioural factors:

6. Frequency of purchase from online

Table: online shopping usage

	Always	Often	Sometimes	Seldom	Never	Total
Male	5	21	29	3	0	58
Female	4	14	23	1	0	42
Total	9	35	52	4	0	100

Graph: online shopping usage



Analysis and Interpretation: More than half of them use online shopping sometimes, i.e. 52%. People who always and mostly shop through online shopping are also good in number, 9 and 35, together 44%. And who use online shopping rarely is very less in number 4%. Since only 44% are mostly using this, there is a wide space to fill and to make online shopping a great success. And there is not much gender difference in online shopping, which means both males and females enjoying online shopping and its benefits.

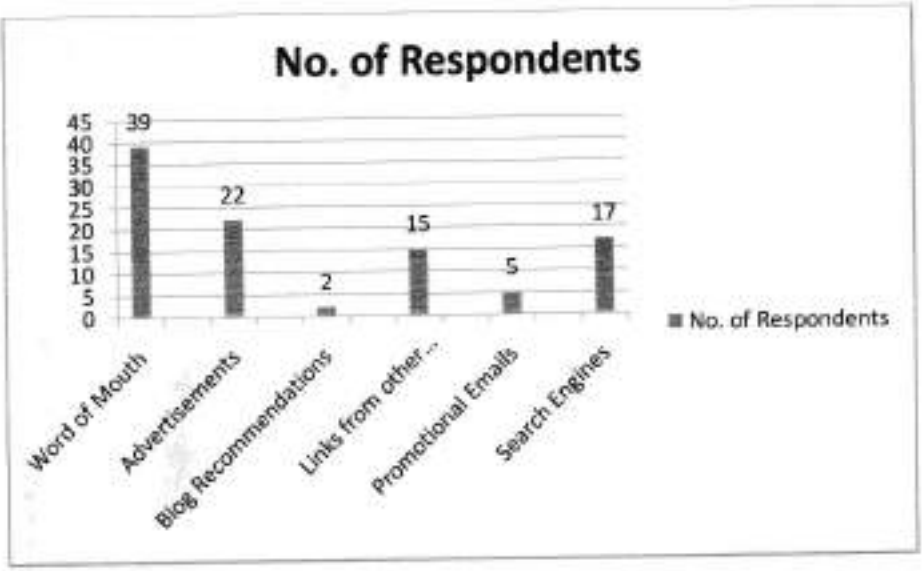
7. This survey is conducted on those people who do online shopping and are aware of Flipkart.
So everyone answered **'YES'** for **Question no.7.**

8. Modes of awareness about Flipkart

Table: Modes of awareness about Flipkart

	Word of Mouth	Advertisements	Blog Recommendations	Links from other Websites	Promotional Emails	Search Engines	Total
No. of Respondents	39	22	2	15	5	17	100
Percentage	39	22	2	15	5	17	100

Graph: Modes of awareness about Flipkart



Analysis and Interpretation:

Most of them are aware about Flipkart through word of mouth (39%) followed by television and online advertisements (22%). Customers got aware through blog recommendations (2%) and promotional e-mails (5%) are very less in number. This means a good communication about Flipkart is going on through friends and families, which proves that word of mouth strategy by them is the most successful means of making people aware about their products. Success can only be gained through delighted customers who act as advocates for their products and there is a wide scope of other digital advertisement techniques like search engine marketing,

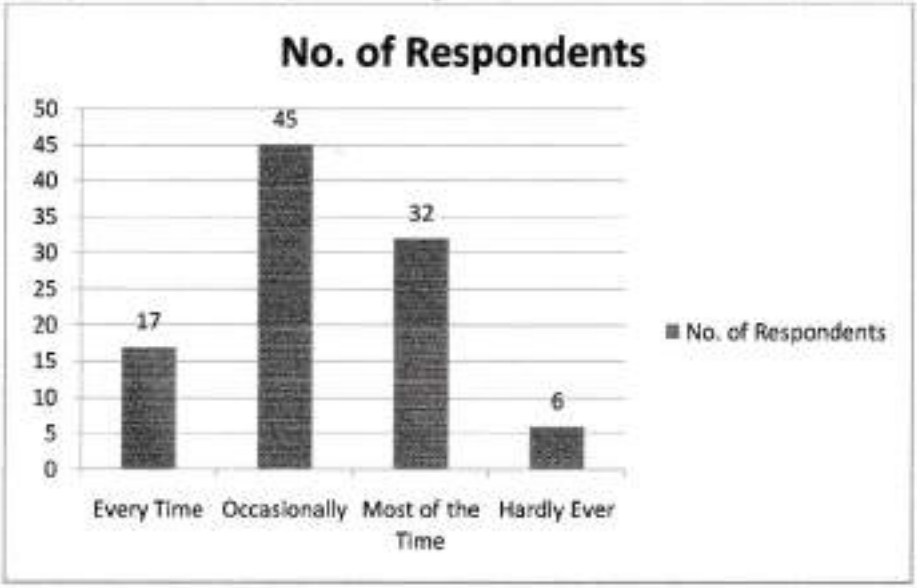
Email marketing, providing links and blog recommendations in order to make more customers.

9. Frequency of Using Flipkart.com while online Purchasing:

Table: Frequency of Using

	Every Time	Occasionally	Most of the Time	Hardly Ever	Total
No. of Respondents	17	45	32	6	100
Percentage	17	45	32	6	100

Graph: Frequency of Using



Analysis and Interpretation:

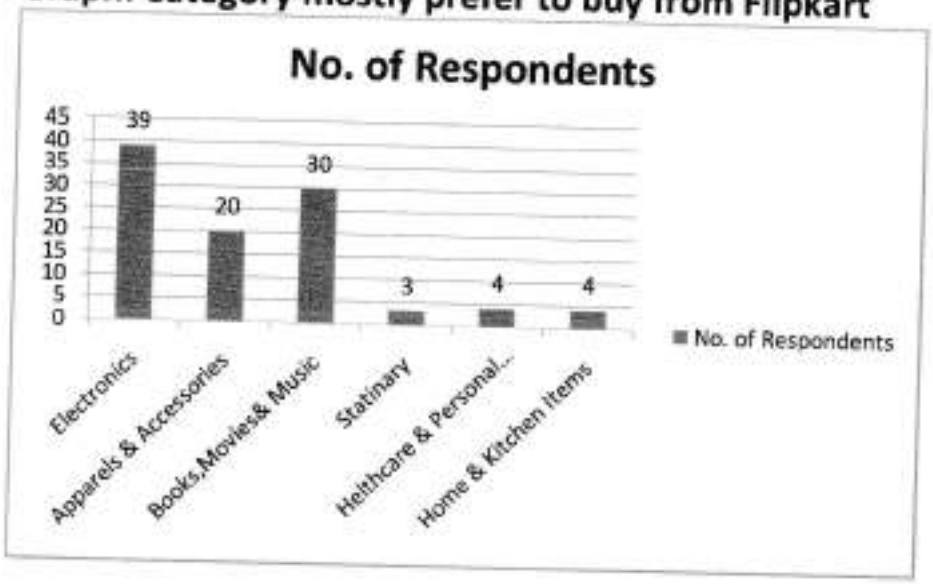
Here on this survey 17% are always choosing Flipkart for online shopping, while 45% are using it occasionally. Hardly ever using members are very less, and 32% are using it most of the time. Since more than half of them prefer Flipkart while thinking of online shopping, it means branding had done successfully by them either through advertisements, services or providing good experience to customers.

10. Category that mostly prefer to buy from Flipkart.com

Table: Category mostly prefer to buy from Flipkart

	Electronics	Apparels & Accessories	Books, Movies & Music	Stationary	Healthcare & Personal Care	Home & Kitchen Items	Total
No. of Respondents	39	20	30	3	4	4	100
Percentage	39	20	30	3	4	4	100

Graph: Category mostly prefer to buy from Flipkart



Analysis and Interpretation:

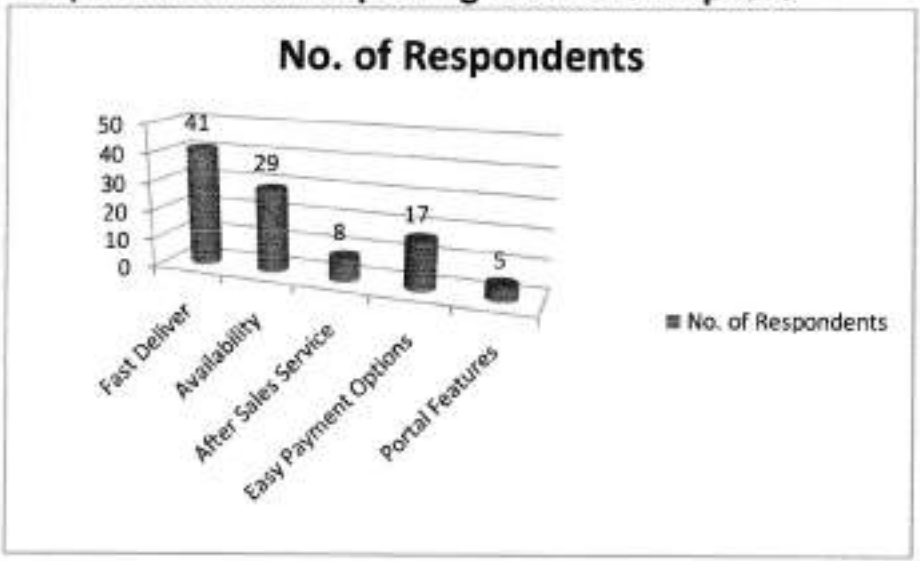
Electronic items, Books and Stationery, Apparels & Accessories, cameras, watches and others (bags, belts, etc.) are purchased more. 39% of respondents are preferred to buy Electronics items followed by Books and Stationery (30%) and Apparels and Accessories (20%). Books & stationery and electronics items are more famous among the students and that may be the reason for large purchase of those items from Flipkart.com.

11. Reason for Customer's preference on Flipkart.com than Others:

Table: Customers expecting feature of Flipkart

	Fast Deliver	Availability	After Sales Service	Easy Payment Options	Portal Features	Total
No. of Respondents	41	29	8	17	5	100
Percentage	41	29	8	17	5	100

Graph: Customers expecting feature of Flipkart



Analysis and Interpretation:

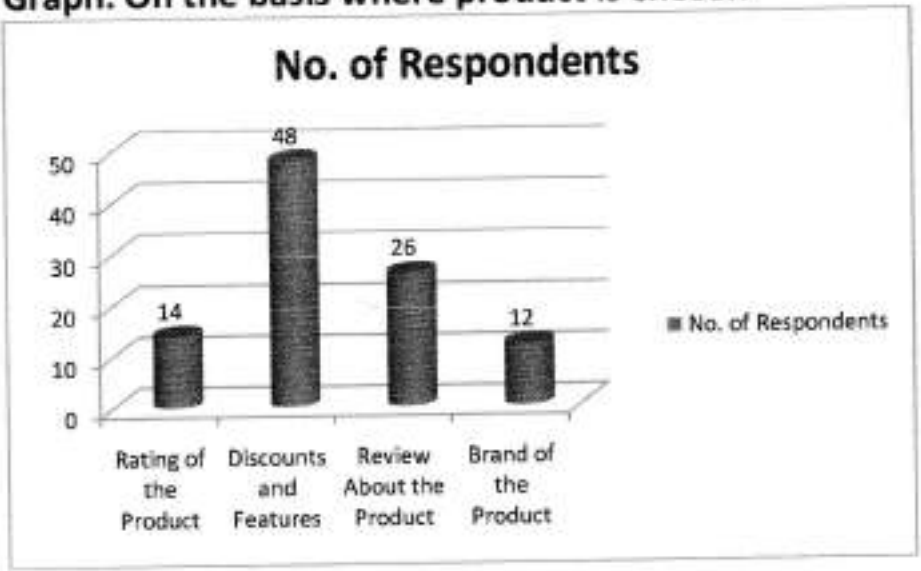
One of the most efficient features in Flipkart is fast delivery when compared to other online shopping websites. So, most of the customers prefer this website for shopping with the perception of quick delivery (41%) and availability of product (29%), followed by easy payment options (17%). And there is a scope of increasing after sales services and portal features when comparing with other features.

12. Product selection from the categories given by flipkart.com

Table: On the basis where product is chosen

	Rating of the Product	Discounts and Features	Review About the Product	Brand of the Product	Total
No. of Respondents	14	48	26	12	100
Percentage	14	48	26	12	100

Graph: On the basis where product is chosen



Analysis and Interpretation:

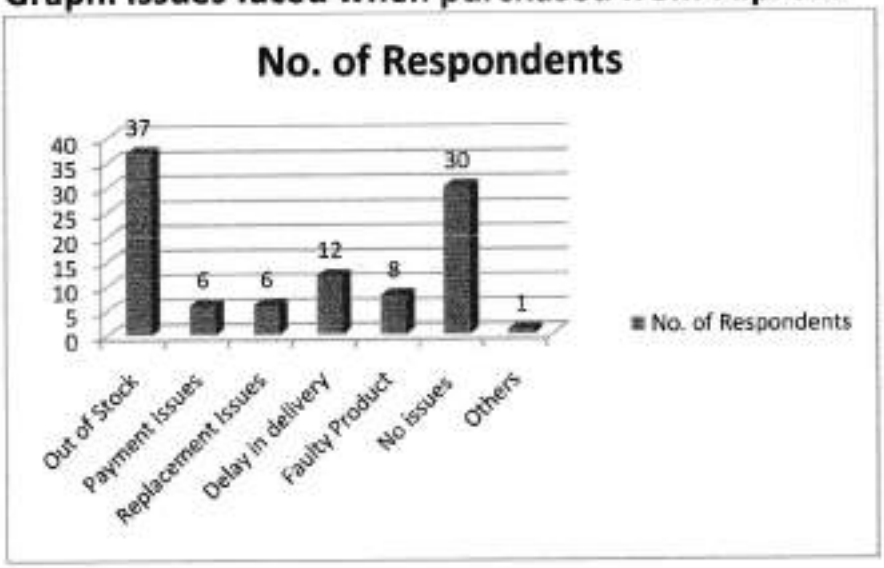
Customer perception varies while using Flipkart; it is one of the online shopping sites which give high discounts and offers. Most of them in this survey (48%) are looking for good featured product with high discounts while purchasing products from Flipkart. And also customers more often go through the product review (26%) before making their decision to purchase. Product review is a kind of word of mouth strategy where product users leave their review on their experiences with Flipkart. Customers are giving priority to these two features while brand of product (12%) and rating of product (14%) also taken care by some other customers.

13. Issues faced by customer while shopping in Flipkart.com

Table: Issues faced when purchased from Flipkart

	Out of Stock	Payment Issues	Replacement Issues	Delay in delivery	Faulty Product	No issues	Others	Total
No. of Respondents	37	6	6	12	8	30	1	100
Percentage	37	6	6	12	8	30	1	100

Graph: Issues faced when purchased from Flipkart



Analysis and Interpretation:

In this survey, 30% of customers didn't face any of those problems that mentioned, while37% of customers faced out of stock issue. This is one of serious issue faced by most of customers. Since discounts and features are the one feature that most of the customers looking for and when a good product with high discount is displayed in Flipkart plat form, customers brought it as soon as they could. Thus the products will be out of stocked.

Flipkart started notifying the customers about the product when the stock got available.

Payment issues and replacement issues are less in number (total 12%) since different payment options like EMI options, card payments, Cash on delivery, Wallet payments etc... are provided by Flipkart and customers are satisfied with those.

In case of replacement also only less issues are happened, thus shows most of them are satisfied with that service. Delay in delivery happens because of shipping and courier service issues. It is a problem with supply chain. Mostly it happens in the end part of the supply and in rural areas where courier services are less active. Faulty

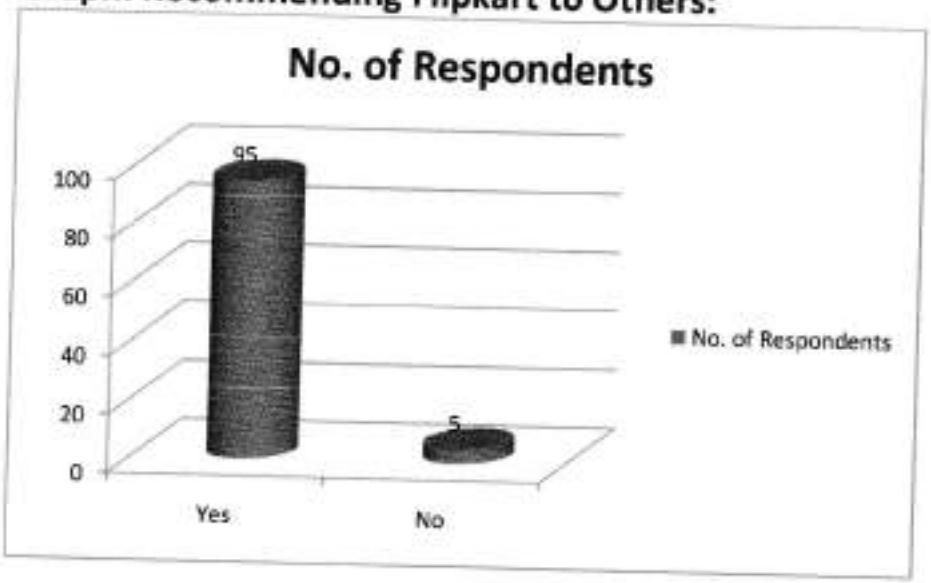
product issue also happened to 8% of the customers and one of the policies to overcome this issue is 30 days replacement policy of Flipkart.

14. Recommending Flipkart to Others:

Table: Recommending Flipkart to Others:

	Yes	No	Total
No. of Respondents	95	5	100
Percentage	95	5	100

Graph: Recommending Flipkart to Others:



Analysis and Interpretation:

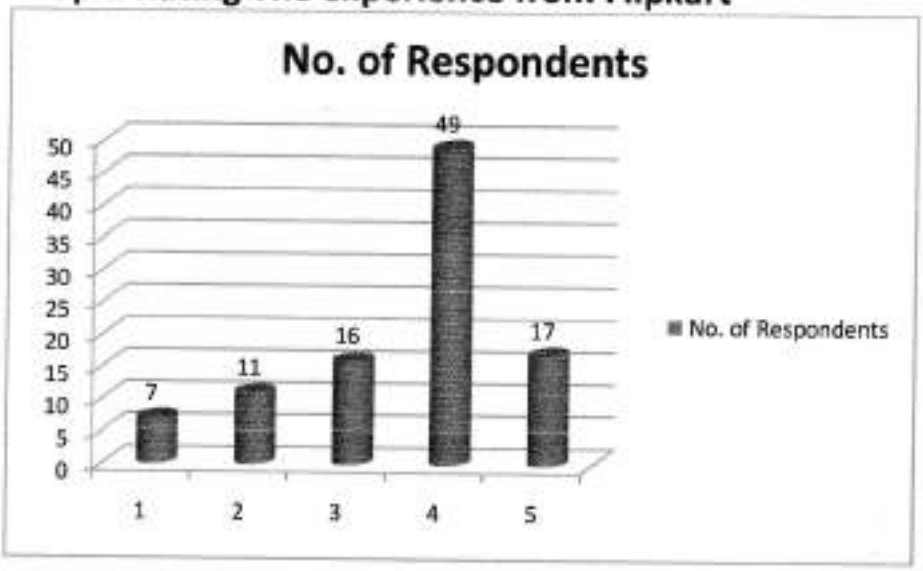
In this survey, most of them (95%) are happy to recommend Flipkart to others like friends and family. And this shows word of mouth publicity is successfully running and this is one of the great advantages for Flipkart.

15. Customer's rating about services on Flipkart.com:

Table: Rating The experience from Flipkart

	1	2	3	4	5	Total
No. of Respondents	7	11	16	49	17	100
Percentage	7	11	16	49	17	100

Graph: Rating The experience from Flipkart



Analysis and Interpretation:

While analysing the rating of experiences, Flipkart provides a good and excellent experiences to most of the customers.

Mode of given data: 4 & Median of given data: 4

49% of customers rated 4 as the experience and more than half of the population (66%) rated4 & 5 as experience

CHAPTER 4
CONCLUSIONSAND RECOMMENDATIONS

FINDINGS:

- There is not much difference in gender for using online shopping.
- Students and salaried persons are most frequent users of Flipkart.
- Frequency of purchase for electronics, books and music, apparels and accessories are more in Flipkart.
- Word of mouth was more influential in promotion as many people were made aware by their friends and family when customers recommend this website to them.
- Highly discounted products got out of stock quickly, since customers purchased it as on as they could when they see high discount on good featured product.
- The services provided by Flipkart are good and even more scope of development is there for increasing the customer strength.
- Digital marketing techniques like search engine marketing, links providing other website and advertisement also functioned well for promotion of this website.
- Fast delivery is one of best service Flipkart is providing.
- Different payment options available in Flipkart made customers more satisfied and comfort for paying while purchasing product.
- Customers feeling more secured when purchasing through Flipkart because of different policies and services they have.
- In comparison with competitors, Flipkart is charging free shipping for the purchase of300 plus rupees, while others free ship the service without any barrier.
- Out of stock is the main issue faced by Flipkart.
- Most of customers have good experience with Flipkart while purchasing products.

- Most of them are satisfied with the services of Flipkart and so that they succeed in retaining the customers.
- Advertising is an important way to have the brand and products familiar to consumers Convenience and time saving are two important factors that customer looking for while purchasing through online.

RECOMMENDATIONS:

- Flipkart has successfully placed itself into the prospects mind making it the India's largest online store with huge range of products. But it still needs to work on their core competence that is books and stationery items.
- Delivery services can be improved mainly in rural areas by selecting appropriate courier service which has services in customer area for dispatching an item.
- Can make free delivery to all priced products.
- Can include more coupon codes and gift vouchers for increasing the traffic of the customers.
- Out of stock items can made available as soon as possible and intimate the needed customers.
- Should look for International/ Overseas markets or Neighbouring Countries.
- Critical mass of Internet users–Internet users in India is increasing at increasing rate, so Flipkart can target more & more cities i.e. not only tier 1 & 2 but also tier 3 & 4cities, which will help generate stronger customer base & more revenues.
- Should clearing focus on the Growing Online Apparel business & it can diversify into apparel category either organically or inorganically by acquiring other portals.
- User Experience: Portal should continuously aim to work to improve the user experience by adding more & more innovative features in the website like virtually shopping basket, virtual trial rooms. In this competitive world to differentiate via user experience, the ultimate winner will be the Indian online consumer.

- Should comprehensively invest into E-CRM & online reputation management.
- Logistics & Supply Chain: can continuously aim to reduce the delivery time cycle.
- Price will still be a factor as amazon being a huge company will use its economies of scale to remove their competitors from the market; therefore they need to be more competitive on that aspect.

CONCLUSION:

The thorough study is based on the consumer behaviour analysis which serves a great idea regarding consumer perception when they go for online shopping. In order to satisfy themselves consumer perceive many things before buying products and they will be satisfied if the company meet their expectation. The Overall Brand Value of Flipkart is good, but it is facing some tough competition from its global competitors like E-bay and Amazon. Talking about domestic market i.e. India, it is the most superior E-business portal which is aggressively expanding & planting its roots deep into the Indian market & at the same time shifting the mind-set of the people from going &shopping from physical store to online stores, which is magnificent! Be very focused on consumers and build amazing experiences for the customers.

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