



NEERAJ®

E-COMMERCE

B.C.O.S.- 184

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Based on

C.B.C.S. (Choice Based Credit System) Syllabus of

I.G.N.O.U.

& Various Central, State & Other Open Universities

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**Sample Preview
of the
Solved
Sample Question
Papers**

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QUESTION PAPER

June – 2023

(Solved)

E-COMMERCE

B.C.O.S.-184

Time: 3 Hours]

[Maximum Marks: 100

Note: Attempt all the questions. All questions carry equal marks.

Q. 1. What do you mean by e-Commerce? Differentiate between e-Commerce and Traditional Commerce. What is the impact of cyber security on e-Commerce?

Ans. Ref.: See Chapter-1, Page No. 1, 'Meaning of E-Commerce', Page No. 2, 'Evolution of E-Commerce' and Chapter-10, Page No. 95, 'Cyber Security Relevance'.

Q. 2. What is Cyber Security ? Discuss the seven trends in Cyber Security.

Ans. Ref.: See Chapter-10, Page No. 95, 'Meaning of Cyber Security' and Page No. 97, 'Need and Concept Behind Security'.

Q. 3. What are the different types of Electronic Payment Systems? Explain each of them.

Ans. Ref.: See Chapter-5, Page No. 54, Q. No. 8.

Q. 4. What is IT Act, 2000? Compare and contrast IT Act, 2000 and IT Amendment Act, 2008.

Ans. Ref.: See Chapter-12, Page No. 117, 'Definition', 'Formulation of IT Act, 2000' and 'Amendments in IT Act, 2000'.

Q. 5. Distinguish between B2B and B2C, with the help of a suitable example for each. What are the advantages and disadvantages of both i.e. B2B and B2C e-Commerce?

Ans. Ref.: See Chapter-1, Page No. 3, 'Business-to-Business Model of E-Commerce', 'B2C: Business-to-Consumer Model of E-Commerce' and Page No. 7, Q. No. 4 (i) and (ii).

Also Add: The following are some of the advantages of B2B e-commerce:

1. Convenience: While businesses can sell through physical storefronts or over the phone, B2B commerce frequently takes place online, where businesses advertise their products and services, allow for demonstrations, and make bulk orders simple. This digital transaction model also provides sellers with efficient order processing.

2. Higher profits: B2B companies frequently sell in wholesale quantities, allowing buyers to get a good deal and restock less frequently. Larger order numbers

result in increased potential sales and profits for B2B sellers. Simultaneously, the ease of advertising to other businesses via B2B websites can help reduce marketing costs and increase conversion rates.

3. Target Market: B2B sellers can target a large market of companies across industries, from business software and consulting services to bulk materials and specialized machinery. At the same time, they have the option of specializing in a field, such as technology, to become a leader in the field.

4. Improved security: Because contracts are a common part of B2B commerce, both buyers and sellers have some assurance that one will pay and the other will deliver goods as promised. Because sales are typically tracked digitally, B2B sellers can track and monitor their financial results.

The following are some of the disadvantages of B2B e-commerce:

1. More difficult setup procedure: Getting started as a B2B retailer requires effort to figure out how to attract customers who are committed and place large enough orders. This frequently necessitates extensive research in order to advertise to potential businesses, set up a custom ordering system, and adapt quickly when sales are low.

2. Sales limitations: While B2B companies can sell a lot, they miss out on individual customer sales. Profits may be limited due to a smaller pool of business buyers and the need to negotiate contracts, particularly if the company loses key buyers to competitors.

3. B2B sellers must differentiate themselves: At the same time, many companies compete and sell similar products and services in the B2B market. To succeed in the market, sellers frequently need to cut prices and find unique ways to attract the attention of companies.

Let's discover the advantages of e-Commerce models primarily associated with Business to Consumer (B2C) services below.

1. Globalization: B2C businesses on a large scale always boast a large target audience. Thus, marketing

campaigns and advertisements can influence numerous potential customers with the help of the Internet and various social media channels. Also, the vast and varied market offers B2C companies the benefit of targeting more customers. Small-scale businesses, who are operating from home, can also sell their products to a global audience. It increases the business profit and brand value.

2. Minimized Cost and Expenditure: A website for business operations reduces operating costs as fewer physical resources and staff are involved. B2C models minimize the additional charges concerning the infrastructure, staff, electricity, water supply, food and many others. Such companies can manage the inventory and warehouse without the help of expert managers or staff.

3. Customer Personalization: B2C businesses directly communicate with their customers in a personalized manner as they now reach the consumer sector and target audience while elaborating their products or services to individual consumers. B2C companies directly communicate through emails, text messages, push notifications, or social media platforms. One of the significant benefits is that these businesses can track desired results quickly and scrutinize which marketing strategy and communication method works best to market their product.

4. Customer Data: One can obtain the most valuable data about the customer, such as conversion statistics, emails for marketing automation, business analytics, customer behaviour, demographic features, and psychographics that further reinforce the business and marketing strategies, along with readily valuable insights about the users.

Drawbacks of Business to Consumer (B2C)

When it comes to B2C, one faces severe limitations and challenges, as mentioned below:

1. Increased Competition in the Market: B2C businesses face huge competition in the market. Most B2B companies have already established themselves by operating in every possible service. It has created a big competition for start-ups. To sustain itself, one has to market its brand and product to an extreme level. There is vast competition in pricing as well. Thus, an attractive manner is requisite to influence the target audience.

2. Retention of Customers: Because of the vast competition, B2C companies must discover essential strategies to retain their customers while differentiating their services from the competitors. They should make sure that they can reach and influence their target customer.

3. Low Margin: Another major limitation is that products sold by B2B businesses are cheap. Companies must discover powerful ways to gain lost revenue by concentrating on quantity. But, this increases the risk of missing existing customers due to quality issues that eventually affect the business profit.

Q. 6. Briefly comment on the following statements:

(a) Digital signatures are more authentic than Electronic Signatures.

Ans. Ref.: See Chapter-12, Page No. 120, 'E-Signature and Digital Signature'.

(b) The Malicious Software's is which induce Cyber Crimes.

Ans. Ref.: See Chapter-11, Page No. 112, Q. No. 1.

(c) Online web based learning is schooling that happens over the Internet.

Ans. Ref.: See Chapter-14, Page No. 148, Q. No. 10.

(d) App store are an important aspect of e-Commerce business.

Ans. Ref.: See Chapter-15, Page No. 157, Q. No. 7.

Q. 7. Distinguish between the following:

(a) Spoofing and Sniffing

Ans. Ref.: See Chapter-11, Page No. 111, Q. No. 1.

(b) RTGS and NEFT

Ans. Ref.: See Chapter-6, Page No. 64, Q. No. 3.

(c) e-NAM and GeM

Ans. Ref.: See Chapter-4, Page No. 38, 'Key Initiatives of Digital Media' and Chapter-1, Page No. 8, 'Why E-Commerce'.

(d) Cyber Forensic and Cyber Crimes

Ans. Ref.: See Chapter-11, Page No. 113, Q. No. 3 and Page No. 108, 'Cyber Crime'.

(e) Symmetric Encryption and Asymmetric Encryption

Ans. Ref.: See Chapter-12, Page No. 120, 'Encryption' and Page No. 122, Q. No. 7.

Q. 8. Write short notes on the following:

(a) Appellate Tribunal

Ans. Ref.: See Chapter-12, Page No. 119-120, 'Appellate Tribunal'.

(b) e-Tailing Models

Ans. Ref.: See Chapter-13, Page No. 135, Q. No. 4.

(c) e-Publishing Services

Ans. Ref.: See Chapter-14, Page No. 142, 'E-Publishing Services'.

(d) Online Entertainment

Ans. Ref.: See Chapter-14, Page No. 143, 'Online Entertainment'.

(e) Mobile Development Frameworks

Ans. Ref.: See Chapter-15, Page No. 152, 'Mobile Development Frameworks'.



Sample Preview of The Chapter

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E-COMMERCE

BLOCK-I: BASICS OF E-COMMERCE

1

Introduction to E-Commerce

INTRODUCTION

Internet has revolutionised the way we do business. It has made easy to access to various kinds of information, services and products. We now have an alternative to the traditional format of buying and selling. By using internet, we can perform all types of business functions. Buyers and sellers can meet on the specially designed website or web-portal to do such transactions. In this chapter, we will understand the basics of online businesses, also called e-commerce.

CHAPTER AT A GLANCE

MEANING OF E-COMMERCE

E-commerce or electronic commerce is the business transactions over internet. E-commerce involves all types of products ranging from breads or soaps to expensive products like cars and property. The web-portals on which the e-business is conducted are of two types: Generic and Specific. Generic portals sell all types of commodities. Examples include Flipkart and Amazon. Specific sells specific products. Examples include Examples include Big Basket, which sells only grocery items.

E-Commerce Web-Portal

A web-portal or a portal, is a collection of several inter-related websites on a specific theme and acts as a single-stop window for the visitors for that theme. It can be called an integrated collection of web-pages to provide all the desired information at a single point and other facilities like an internal search engine, personalised logins and e-mails to its regular visitors, online forums and much more. A web-portal provides users a more cohesive experience for which it is designated. It facilitates visitors to access all these features in a user-friendly manner. A web-portal which

hosts the products and services details is called an e-commerce web-portal. A web-portal needs to be designed in such a way that sellers can provide its buyers a wide set of option of products, price-choices and related services that they offer, using it as an online shopping platform. Thus, an e-commerce web portal provides a range of activities related to selling of products and services. Specially designed ecommerce software is used to manage these activities on the portal.

E-Commerce Software

E-commerce software ensures smooth conduct of the entire online business and provides various facilities and utilities to both the buyer and the seller. A typical e-commerce software provides a dedicated engine for searching various products and/or price preferences. It helps a buyer to select the items to buy. It enables secure monetary transactions to complete the buying. An e-commerce software also helps the buyer to collate multiple orders in a dedicated basket and change anytime during the process. It also manages address details and order history for each of its buyers.

E-Commerce APIs

API stands for application programming interface. An API is a way to programmatically interact with a separate software component or resource. E-commerce APIs are used to exchange information from one feature to another, from one software to another, from one platform to another. For example, e-commerce API helps integrate various websites conducting different activities. For example, there are product information APIs for getting product details, inventory APIs for tracking the inventory management and order APIs for tracking the inventory management. These APIs interact and make the e-commerce transactions possible.

M-Commerce and Multi-Channel Commerce

M-commerce or mobile commerce is the use of digital devices like cellphones and tablets to conduct

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commercial transactions online. It facilitates e-commerce through mobile-friendly application interfaces, called apps or applications. Multi-channel commerce provides multiple ways for businesses to interact directly and indirectly with customers. Besides a web-portal or a mobile phone, several other channels including social-media accounts and even physical outlets, are configured to provide ease-of-access to the buyers. Multi-channel commerce uses e-mails and social media as their digital marketing channels.

Use of Emerging Technologies in E-Commerce

E-commerce now involves using of different new technologies such as Artificial Intelligence (AI), Machine Learning (ML) techniques, Augmented Reality (AR), Virtual Reality (VR), block chain and many more. The new technologies provide customers with an enhanced user experience (UX) and comfortable User Interface (UI).

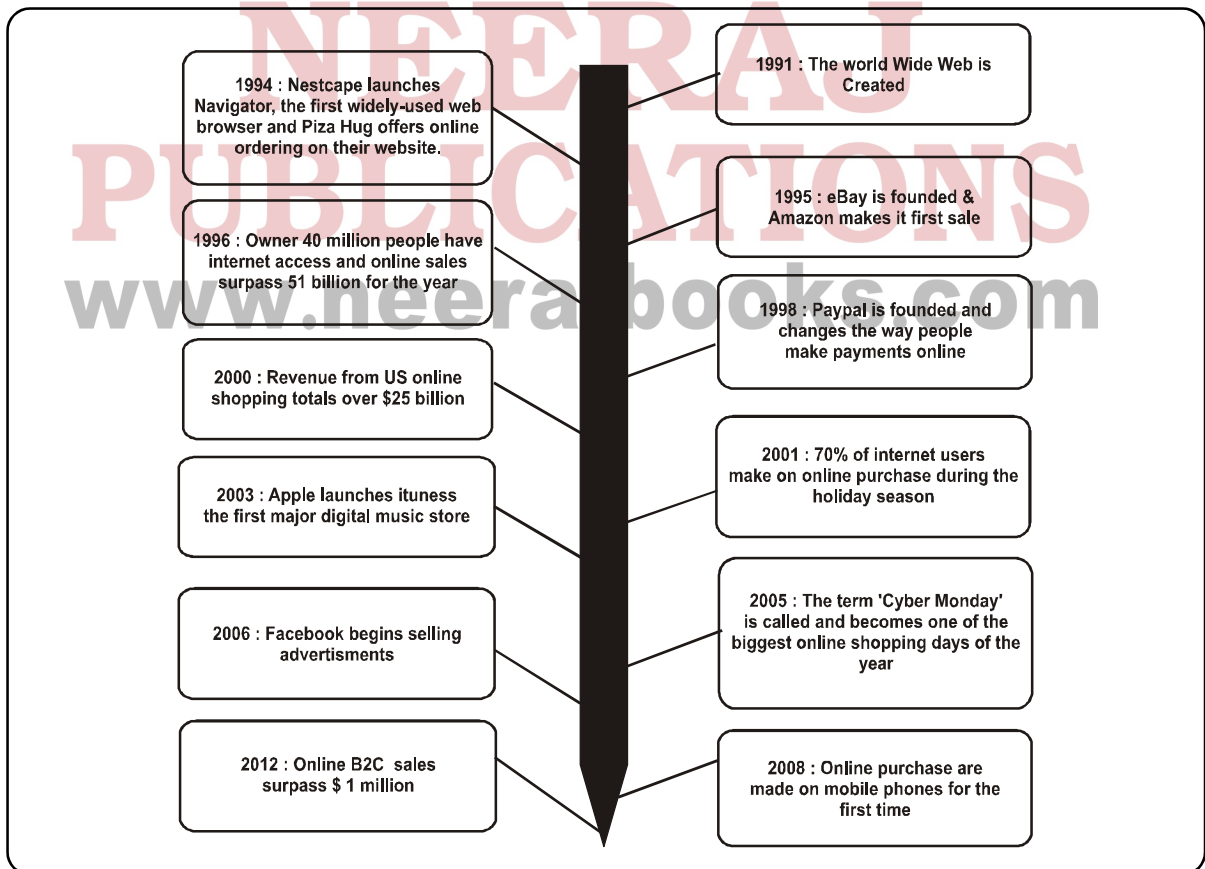
WHY E-COMMERCE

E-commerce is easy to use, economical and accessible. A seller does not have to build a brick and

mortar physical soap for selling a product or a service. A buyer does not have to travel to various shops to compare and buy the best product. Both buyers and sellers gain from e-commerce. Buyers can compare varied prices and features of products available on any e-marketplace just sitting at any place. E-commerce has made business more competitive, easier, diverse and more profitable.

EVOLUTION OF E-COMMERCE

The design of World Wide Web in 1991 made the use of Internet easy. In 1994, Pizza Hut was the first company to offer its Pizza online on its site. A year after eBay was established. Since 1995 e-commerce, earlier called web commerce, gained its prominence. Several retail websites started sale/purchase of goods and services. In late 1990s, the dot.com bubble burst. By 2005, the rise in online purchases on certain days became so much that the term “Cyber Mondays” was used.

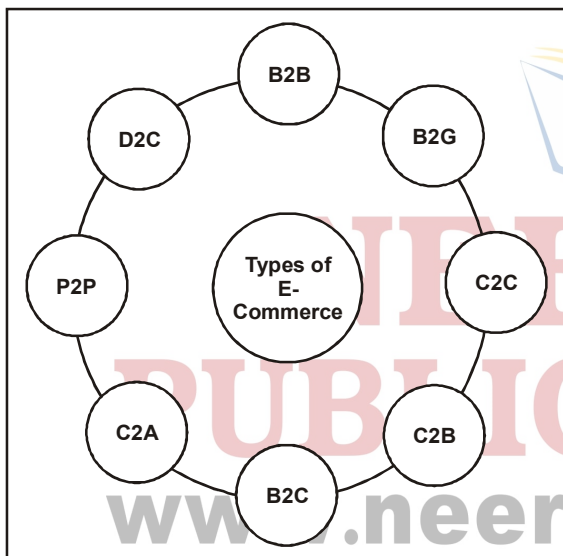


Evolution of e-commerce (1994-2012)

The Present: Now digital devices such as smart phones and tablets have widened e-commerce. Most businesses have online presence. The structure and nature of business have also changed. Changes have happened in trade practices, trade techniques and standards. E-commerce has increased the scope for businesses.

TYPES OF E-COMMERCE

Different models of e-commerce are classified as B2B (Business-to-Business), B2C (Business-to-Consumer), C2C (Consumer-to-Consumer), C2B (Consumer-to-Business), B2G (Business-to-Government), C2A (Consumer-to-Administration) and P2P (Peer-to-Peer) and (D2C) Direct to consumer.



Different Types of E-commerce

B2B: Business-to-Business Model of E-commerce

Business-to-Business means trade between businesses. It may be between a wholesaler and a manufacturer or a wholesaler and a retailer. An automobile company buying tire from a tire manufacturer is a B2B e-commerce.

B2C: Business-to-Consumer Model of E-Commerce

Business-to-Consumer (B2C) refers to the process of selling products and services directly by a business to consumers who are the end-users of its products or services. Most companies that sell directly to consumers can be referred to as B2C companies. Amazon and Flipkart are popular B2C companies.

C2C: Consumer-to-Consumer Model of E-Commerce

C2C: Consumer-to-Consumer e-commerce means consumers selling goods, services and products to

another consumer on the internet. This model involves selling of various products including movable assets and properties. OLX is an example C2C e-commerce.

C2B: Consumer-to-Business Model of E-Commerce

B2C e-commerce means consumers selling goods, services and products to a business. In another version of this model, the consumers create and utilize their own social media profiles like blogs to link back to the product sold on a company's website, thereby facilitate the sale of the product and get commission for that.

B2G: Business-to-Government Model of E-Commerce

B2G or Business-to-Government, also called business-to-Administration, means a business selling products to governments. B2G e-business is also called public sector marketing. Government invites tenders, and selects one of the businesses which apply for that.

C2A: Consumer-to-Administration Model of E-Commerce

C2A or Consumer-to-Administration e-commerce includes all electronic transactions conducted between individuals and public administration. It refers to the e-commerce process followed by the consumers when interacting directly with the government agencies. Payment of utility bills including electricity and water, tax payments, health insurance payments made using web and mobile applications are examples of C2A model.

P2P: Peer-to-Peer Model of E-Commerce

P2P e-commerce refers to a networked model of transactions without an intermediary. It is a distributed platform in which different individuals take part in transactions without an in between third party. It is different from the client server model where communication happens from the central server. Another variation of 'P2P' models is any transaction for buying and selling, but simply provides a platform or individuals to interact for various ends. Such services are operated as free non-profit services or generate revenue by advertising to users or by selling users data. Open-source software, online marketplaces, crypto currency and ridesharing are examples of P2P e-commerce.

D2C: Direct-to-Consumer Model of E-Commerce

D2C e-commerce refers to the manufacturer/producer selling its products/produce directly to consumers online. The D2C e-commerce model does not need the middleman. The traditional retailer business model deals with bulk buying, so for a manufacturer to start selling direct-to-consumer they

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would have to start selling individual items. D2C brands such as Casper, Warby Parker and Everlane are usually sold online only and come under a specific product category.

Diagrams are given in Q&A section.

ADVANTAGES AND DISADVANTAGES OF E-COMMERCE

The following table lists the Advantages and Disadvantages of E-commerce:

Advantages	Disadvantages
1. The e-shop is open 24 hours a day, 7 day a week.	1. When ordering a product online, it often takes longer delivery time and more shipping charges.
2. Customer don't need to stand in queues of stores	2. Repaying your online purchase may be more difficult than buying a traditional store.
3. Larger product selection.	3. Online shopping will not be able to measure goods.
4. Possibility to shop from anywhere.	4. Money security of the customers depened on their own vigilance.
5. Attractive discounts are offered.	5. Lack of privacy.

Advantages of E-Commerce

The advantages of E-commerce are:

- (i) **Saves time:** A buyer does not have to spend time on travel and looking around for a product.
- (ii) **Offers personalised consumer preference:** Customers have personalized experience as they can check their history of purchases and benefits and discounts they can avail.
- (iii) **Reduces recurring cost:** E-commerce firm can be present in multiple locations at a fraction of the cost of physical presence. It can also outsource the tasks to others.
- (iv) **Customers retargeting is easier:** E-commerce firm can use various tolls to retarget a customer to retain a customer base.
- (v) **Easy to trigger an impulse buy:** It is easier for an e-commerce firm to trigger an impulse buying by using various tools.
- (vi) **Reviews are helpful:** Reviews help the consumer to make right decisions. It also helps the e-commerce firms as positive comments build trust of the consumer on the product as well as the business.
- (vii) **Detailed information helps the consumer:** The availability of detailed information helps the consumer to make a confident and right choice.
- (viii) **Low operation cost:** E-commerce reduces the cost of operations significantly as the business does not have to rely on a physical presence to provide quality service.

- (ix) **Quick and affordable marketing:** E-commerce firms can apply various online strategies to reach the customers.
- (x) **E-commerce has flexibility with 24/7 service capability:** E-commerce allows round-the-clock service to consumers.

Disadvantages of E-Commerce

The disadvantages of E-commerce are:

- (i) **No feel and touch:** A consumer cannot feel and touch a product while buying online.
- (ii) **Quality can be determined:** Buyers cannot determine the quality of a product being sold online.
- (iii) **No fixed date for delivery:** Businesses do not give exact delivery dates and buyers are not sure when the product will be delivered.
- (iv) **Difficulty in purchasing precious products:** Buyers do not feel confident to buy precious products like gold and furniture because they lack trust and are unable to verify these products.
- (v) **Site crash issues:** The functioning of servers and the quality internet service determine the online buying experience. Many times the sites get stuck and transactions fail.
- (vi) **Cybercrime and Data privacy issues:** It is unsafe to provide personal information while purchasing online because of cyber crime and data privacy issues.

CHECK YOUR PROGRESS

- Q. 1. State the type of E-Commerce system.**
- (i) **The companies involved come together to conduct business with each other.**