

E-COMMERCE: BENEFITS IN TRADE & COMMERCE, BANGLADESH

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Abstract-

The rapid growth and advancement of Information and Communication Technology makes the vast treasure of all forms of knowledge, information, invention, methodologies, techniques, process and technologies from the entire globe available to us by accessing via internet. E-commerce, a new horizon for commerce which has opened up by the internet, requires the use of internet for buying, selling and delivering products and services. To left behind all of its economic backwardness, Bangladesh has easily entered to IT world and it is hopeful for us that, e-commerce already made inroads in our society, indeed into our psyche. With the help of e-commerce Bangladesh can be benefited in many ways like the expansion of business, reduction of communication difficulties, competition against the exporters of countries, exportation of quality goods in foreign countries etc.

Keywords- electronic commerce (e-Commerce), Business-to-Consumers (B2C), Business-to- Business (B2B), Business-to-Government (B2G), Consumer-to-Consumer (C2C), Information and Communication Technology (ICT).

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I INTRODUCTION

The blessing of globalization and IT revolution bring enormous development in business sector. Traditional business policies are decreasing rapidly. The communication between the buyers and the sellers are very much easier than those days. With the magical touch of e-commerce a businessman can be linked with any where of the world. E-commerce combines with internet, e-mails, web sites and other facilities which open up greater opportunities in the world market. For the significant improvement of economic productivity of Bangladesh in goods and services both in government and private sector is increasing day by day. The introduction of e-commerce is must for all people who are involve with business sector. The term e-commerce also includes the size and growth of local market, power and telecom the financial system, law and order situation, physical infrastructure, trade bodies, taxation policy, trade relations with other countries and the goodwill of the country.

II ADVANTAGES OF E-COMMERCE

E-Commerce means electronic commerce which is involved with conducting business over the internet that one of the most important facts to have emerged in the recent times. E-commerce provides several benefits to the merchants and the customers who are linked to each other forming a network. The selected advantages of e-commerce are mentioned below:

A. *Opportunities to reduce cost*

Business owners always follow the rules that minimum cost maximum profit. So they try to reduce the cost of production. To minimize the cost they can be accustomed using E-Commerce through internet such that the business holders do not need physical existing in order to staying operational which reduces the labor costs and the cost incurred in the areas like telephone calling credit cards machines, data entry, overtime, supervisors expenses, utilities costs, building leases, Reconciliation, error detection and correction and documents preparation etc.

B. *Opportunity to build up new affiliation*

E-commerce helps to improve the relationships with trading partners. It enhances the opportunities to buildup a long term relationship among the business holders using the way of online. A products owner can show the goods of their products and request to approach about partnership opportunities.

C. Opportunities to save time

E-commerce saves time of the business owners to perform within short time. One can literally log on the internet at any point and any time.

D. Opportunity to improve the economy

E-commerce has the opportunities to expand business into wider geographical location.

E. Opportunities to develop the customer service

E-commerce provides service better and faster to the customer. It presents the unique work to display and describe products to the customers who are interested to purchase the specific items. Different companies are adding customer services online which are competitive advantages.

F. Get the suitable price

E-Commerce helps the businessman to get the appropriate price of their products. Because they can do the bids for their products using different companies websites around the world. Not only can that buyer also can buy any product with reasonable price after visiting many e-Commerce websites.

III ELEMENTS OF e-COMMERCE

The three elements of e-Commerce are:

- Business-to-Consumer(B2C)
- Business-to- Business (B2B)
- Business-to-Government (B2G)

- Consumer-to-Consumer(C2C)

A. *Business-to-Consumer (B2C)*

This is the interaction between Business and Consumers. Business can sale products and provide services to the consumers. Consumers allowed to view products, facilities and services, can do query about the products, can place orders directly through the website using Internet (<http://www.hutbazar.com>). Consumers also pay the bill using the process of secure credit card system.

B. *Business-to- Business (B2B)*

This is the interaction between Businesses to Business. Generally, local or foreign companies are doing business with each other companies or manufacturers. Mostly, Manufacturers sale product to the distributors and distributors sale products to wholesalers. Business-to-business (B2B) and business-to-consumer (B2C) e-commerce are doing using internet but both are significantly different from each other. Business-to-business (B2B) e-commerce is interaction with manufactures and large business organization on the other hand B2C for Business to consumer or retailer.

C. *Business-to-Government (B2G)*

Business-to-Government or B2G is defined as commerce between companies and government. Generally, it is the term where business can be deled with the government for public benefits through internet. Such as, government call proposal or tender to purchase any official materials.

D. *Consumer-to-Consumer (C2C)*

Consumer-to-consumer (C2C) (or citizen-to-citizen) electronic commerce is the eCommerce where transaction committed using internet between consumers to consumers through some third party website. Where, a consumer post an item to sale and other consumers bid to purchase items (<http://www.cellbazaar.com/web>). Here, third party basically gives the option free or get minimum commission. In this way third party does not have the option to check the quality of the product being offered just they math the consumers.

IV GROWTH OF INTERNET USERS AND THE WEB ARROUND THE WORLD

By the power of Internet the world is now a global village. With a short time any one can do or run business from any point without physical involvement. The technology juggernauts behind e-commerce are the Internet and the World Wide Web.

Without technologies and e-commerce it would be impossible to run the business world within short time. The Internet is a worldwide network of computer networks built on common standards. Created in the late 1960s to connect a small number of mainframe computers and their users, the Internet has since grown into the world's largest network, connecting over 500 million computers worldwide. The Internet links businesses, educational institutions, government agencies, and individuals together and provides users with services such as e-mail, document transfer, newsgroups, shopping, research, instant messaging, music, videos, and news[1].

Table -I the growth of internet users around the world is shown. In December, 1995 there were over 16 millions users used Internet which was the .4% of the total population. In December, 2000 it was increased rapidly which was 361 millions users. In June, 2010 the total users of Internet were 1,966 millions that was the 28.7% of the total population [2].

TABLE - I
INTERNET GROWTH STATISTICS FROM DECEMBER,
1995 TO JUNE, 2010.

DATE	NUMBER OF USERS	% WORLD POPULATION	INFORMATION SOURCE
December, 1995	16 millions	0.4 %	IDC
December, 1996	36 millions	0.9 %	IDC
December, 1997	70 millions	1.7 %	<u>IDC</u>
December, 1998	147 millions	3.6 %	<u>C.I.Almanac</u>

December, 1999	248 millions	4.1 %	Nua Ltd.
March, 2000	304 millions	5.0 %	Nua Ltd.
July, 2000	359 millions	5.9 %	Nua Ltd.
December, 2000	361 millions	5.8 %	Internet World Stats
March, 2001	458 millions	7.6 %	Nua Ltd.
June, 2001	479 millions	7.9 %	Nua Ltd.
August, 2001	513 millions	8.6 %	<u>Nua Ltd.</u>
April, 2002	558 millions	8.6 %	IWS
July, 2002	569 millions	9.1 %	IWS
September, 2002	587 millions	9.4 %	IWS
March, 2003	608 millions	9.7 %	IWS
September, 2003	677 millions	10.6 %	IWS
October, 2003	682 millions	10.7 %	IWS
December, 2003	719 millions	11.1 %	IWS
February, 2004	745 millions	11.5 %	IWS
May, 2004	757 millions	11.7 %	IWS
October, 2004	812 millions	12.7 %	IWS
December, 2004	817 millions	12.7 %	IWS
March, 2005	888 millions	13.9 %	IWS
July, 2005	939 millions	14.6 %	IWS
September, 2005	957 millions	14.9 %	IWS
November,	972 millions	15.2 %	IWS

2005			
December, 2005	1,018 millions	15.7 %	IWS
March, 2006	1,022 millions	15.7 %	IWS
June, 2006	1,043 millions	16.0 %	IWS
September, 2006	1,066 millions	16.4 %	IWS
December, 2006	1,093 millions	16.7 %	IWS
March, 2007	1,129 millions	17.2 %	IWS
June, 2007	1,173 millions	17.8 %	IWS
Sept, 2007	1,245 millions	18.9 %	IWS
Dec, 2007	1,319 millions	20.0 %	IWS
March, 2008	1,407 millions	21.1 %	IWS
June, 2008	1,463 millions	21.9 %	IWS
December, 2008	1,574 millions	23.5 %	IWS
March, 2009	1,596 millions	23.8 %	IWS
June, 2009	1,669 millions	24.7 %	IWS
Sept, 2009	1,734 millions	25.6 %	IWS
Dec, 2009	1,802 millions	26.6 %	IWS
June, 2010	1,966	28.7 %	IWS

	millions		
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* IWS = Internet World Stats

Internet is adding more than 100 million users every year. In the last few years internet growth spread to develop nations from developed countries (US, Europe). Africa boasts of more than 100 million internet users, China and India constitute more than 500 million users [3].

Internet (World Wide Web) completed 25 years of its existence in 2010. At last 25 years it reached more than 1.8 billion Internet users, some estimates even suggest 2 billion. Nevertheless World Wide Web growth has surpassed Radio and Television which took 30 and 15 years to reach 60 million, just a fraction of internet users.

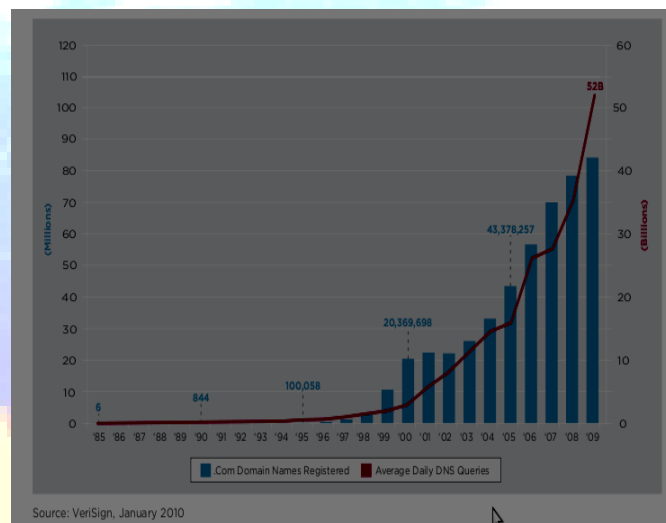


Fig-1 Growth of domain registration - Courtesy VeriSign

V WORLDWIDE GORWTH OF e-COMMERCE

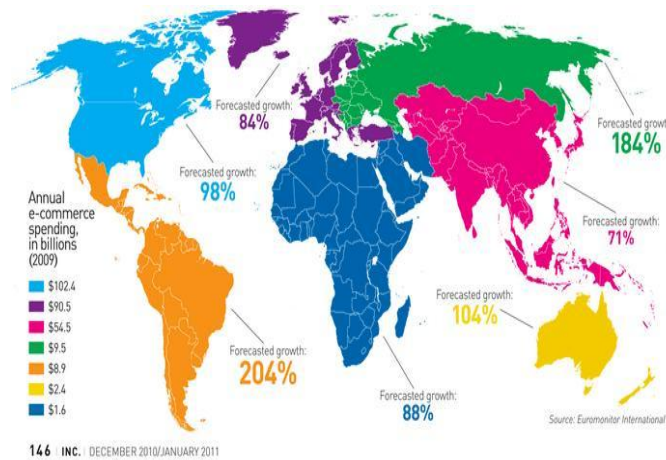


Fig-2 statistics of growth of e-Commerce

Although the US and Canada lead the world in ecommerce spending, other countries are increasingly shopping online. By 2014, global ecommerce spending is projected to increase more than 90 percent. A sizable portion of that growth is expected to come from Latin America, where the amount spent online is projected more than double.

If these projections are accurate, annual ecommerce is expending, in 2014 it will be

- North America \$202.8 (billion)
- Western Europe \$166.5 (billion)
- Asia-Pacific \$93.2(billion)
- Latin America \$27.1(billion)
- Eastern Europe & Russia \$27.0(billion)
- Australia \$4.9(billion)
- Africa & The Middle East \$3.0 (billion) [4]

VI ICT AND INTERNET USERS IN BANGLADESH

A. Use of Computer

Use of computers in Bangladesh as a research and data manipulation tool dates back more than 40 years. The first computer in Bangladesh (erstwhile East Pakistan) was installed at the ATOMIC ENERGY CENTRE, Dhaka, Bangladesh (erstwhile East Pakistan) Atomic Energy Commission in 1964. It was an IBM Mainframe Computer of 1620 series. The main use of the machine was resolving complicated mathematical calculations in different research work [5]. Today computers are widely used in offices, businesses, educational institutions, at home and in the filed for various purposes.

B. Statistics of Internet Users

In the early nineties, Bangladesh had accessed to email via dialup to Bulletin Board Systems (BBS) of a few local providers. The combined Internet users of all the email-only service providers were not more than 500. Users were charged by the kilobyte, and mail was transferred from the BBS service providers to the rest of the world by International dialup using UUCP.

In June 1996, the Government allowed VSAT's to be operated in the Private Sector, albeit to be provided solely by the Government owned Telephone Operator, BTTB. Only a handful of ISPs were connected within the first year. However, more liberal Government policies followed in the subsequent years which led to a rapid expansion of this industry, eventually resulting in over 180 registered ISP's by 2005. ISPs are currently regulated by the Bangladesh Telecommunication Regulatory Commission through the Bangladesh Telecommunications Act [6]. Bangladesh also got connected with Submarine Cable connection to Global Information Superhighway (SEA-ME-WE-4) in 2006 which has unfolded a new era of Internet sector. Currently, Most of the mobile companies and two others companies providing Modem based Broadband Internet Service [BIS]. A solid legal framework to facilitate E-commerce is now building in Bangladesh and now it has become a buzzword of national trading and information technology.

In the last few years the Internet has grown rapidly with an estimated user base of around 500,000 in early 2006, representing only a 0.35% penetration, the local Internet industry is preparing to move into the next stage of its development. However, the country is working hard to overcome obstacles associated with the country's low economic status and developing infrastructure. The focus starts to build on the country

developing into ‘Digital Bangladesh’ by 2021 with this strategy providing a boost to infrastructure; in the same way it has seen low-cost laptops being manufactured locally; there has been a huge increase in international data connectivity in recent years; rapid early growth in WiMAX services[7].

The face of table below shows the Internet users increased from 0.1% to 3.5% in total population from the year of 2000 to 2011. So, the result shows the Internet users are growing gradually in the country for the rapid growing of ICT Sector and the availability of Internet connection.

TABLE - II

INTERNET GROWTH STATISTICS FROM DECEMBER, 2000 TO 2011

Year	Users	Population	% Pen.	GDP p.c.*	Usage Source
2000	100,000	134,824,000	0.1 %	N/A	ITU
2007	450,000	137,493,990	0.3 %	US\$ 466	ITU
2009	556,000	156,050,883	0.4 %	US\$ 574	ITU
2010	617,300	158,065,841	0.4 %	US\$ 624	ITU
2011	5,501,609	158,570,535	3.5 %	US\$ 700	ITU

(Note: Per Capita GDP in US dollars, source: International Monetary Fund)

VII EXPORTS OF GOODS FROM BANGLADESH TO WORLDWIDE

Generally, The Readymade Garments (woven and knitwear), Textile, Chemical, Sugar, Fertilizer, Cement, Pharmaceuticals, Frozen Food, Jute goods, Leather and Ship Building business are the main goods which Bangladesh export with the partners’ countries like USA, Germany, UK, France, Canada, Italy etc from which Bangladesh earn a lot of foreign currencies [8]. So, those countries ICT infrastructure to much strong and most of business deals through internet. Therefore, this is the blessing for the developing countries like Bangladesh to manage business smoothly with the developed countries like USA, UK, Canada, Australia etc because the distance is not a matter now. To deal business with other countries good ICT infrastructure and Internet connectivity is obligatory.

For this reason, Bangladesh Government has taken many initiatives to develop the ICT sector giving tax free imports of Computer Hardware and connected with internet super highway and trying to provide the Internet to the people within lowest price to improve the economic condition of the country with the help of IT based business sector like e-Commerce.

VIII BENEFITS OF e-COMMERCE IN THE PERSPECTIVE OF BANGLADESH

The possible ways by which Bangladesh can be benefited in business sector using E-commerce are as follows:

A. Expansion of the era of Business

The multidimensional activity of E-commerce includes various phase of services. The typical e-business models are now doing well in our country which helps people to create several business policies. E-commerce helps to develop the RMG sector in our country which has brought in tremendous expansion in the linkage industry.

B. Reducing of unemployment problems

The internet based B2B e-commerce helps to create new business opportunities for producer firm in our country which helps to reduce unemployment problem. By the help of e-Commerce one can easily deal any business. So, many people show their interest to do the business. By taking this business as a profession many unemployed people get a new path to earn their live hood. Using the glorious effect of e-Commerce in this country can decrease the unemployment problem which can help to improve our economic condition.

C. Reducing of communication difficulties

Before acquiring the field of e-commerce we faced many problems like betting crowds, standing in long check out time, fighting for parking spaces at busy mall etc. E-commerce helps to connect us with the world whenever we are and online shopping allows us to brows the web for purchasing goods and decision in the privacy of our own home.

D. Access to the international market

E-Commerce has created a wide range of business for both companies or firms and individuals to export their goods and services abroad and earn foreign remittance in Bangladesh. The B2B e-commerce which has a vast use in export sector already in operation for years in Bangladesh. In Bangladesh a huge amount of foreign exchange are coming from readymade garment (RMG) sector where e-commerce are used for searching potential buyers and suppliers.

E. Competition against exporting in other countries

Bangladesh has large population and labor cost is lowest comparatively with neighbor countries like India, Pakistan, Sri Lanka and China [9]. So, Bangladesh can achieve a good position in foreign markets in USA, Australia and European countries producing quality products with lowest cost.

F. Business in round the clock

Now a day, global time difference is not a barrier. Because any people from any country can communicate with people of other countries from any corner of the world very easily through Internet. Any business man can collect the data, analysis data, put their comments and order through different companies websites round the clock that means 24 hours a day, 7 days a week without physically visiting any business organization. Such as, time difference between Dhaka, Bangladesh and New York, USA is: 10:0hrs. Dhaka is 10:0 hours ahead of New York that means when it is 6:00 am (morning) in New York; that time it is 4:00 pm in Dhaka [10]. So, it is possible for Bangladeshi business man to submit their completed works in this country's working period before the working period of USA which is a big advantage of Bangladeshi business man.

G. Helps to enhance the knowledge about business

There are some local websites available in Bangladesh visiting these websites one can get knowledge about business and establish plan about how a small groups deals inside a big firms funded with seed capital.

IX SOME e-COMMERCE SHOPS IN BANGLADESH

- <http://www.hutbazar.com>
- <http://www.clickbd.com>
- <http://www.minabazar.com>
- <http://www.shop4bd.com>
- <http://www.arfigift.com>
- <http://www.webbangladesh.com>
- <http://bdbazar.com>
- <http://www.sonarmarketplace.com>
- <http://www.bajna.com/index.shtml>
- <http://www.banglabazaar.com>

- <http://www.bdplace.com>
- <http://www.munshigi.com>

X CONCLUSION

I have outlined the possible benefits which can be real picture for Bangladesh through E-Commerce. E-Commerce with the various sectors of trades can ensure better and quicker product marketing, wider and comprehensive representation, stable and competitive pricing that can help any one to lead and smart and easy living. Thus, E-Commerce can create a revolutionary change in social, cultural and economic conditions and daily lives for the people of this country.

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