

E-COMMERCE OF STEEL PRODUCTS IN INDIA

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Abstract :

E-commerce is in-thing in Indian business today and it has become an inseparable part of our daily life. Just like the online portals for purchase of consumer goods, Metal junction is the E-commerce portal, founded as a joint venture of the two major steel producers to deal in steel. It has challenged the conventional system of auction and brought transparency and efficiency.

Introduction

From 1989 with the advent of Internet Connectivity, E-commerce made its presence in India. In 1998, Rediff was the first company to set up India's first e-commerce services. Indian government deregulated the internet Service Provider policy paving the way for starting E-Commerce gradually. There are mainly two types of E-commerce websites currently in India - one multi-product and the other specific product. Multi-product e-commerce : These Indian on-line deal in goods and services in a variety of categories. Books, Apparel , jewelry, Health and beauty products , Computers , mobiles , Household appliances , gift articles, entertainment articles etc. Specific product e-commerce : Railway ticketing, travel and ticketing, Banking,steels,metals ,etc.Currently India's experience in e-commerce transactions is comparable with that of US and other countries. Both the sellers and buyers are enjoying

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mutual trust, the very basic requirement for e-commerce. Moreover, Attractive options in saving of costs are offered by the companies in trading on-line.

E-commerce in Steel

Realising the importance of E-commerce , the major Steel Industry, SAIL and TATA STEEL promoted 50:50 Joint venture way back in February, 2001 for e-commerce online portal for trading steel products called “Metal Junction”.

The main aim is to help the Business-to-business (B2B) or Business-to-customer(B2C) do business in steel industry with peace of mind. The e-commerce site Metal Junction (mjunction) started with e-auction of steel products. The auction process finds the customer who needs the most and the fair price he can offer for purchasing the same. Such auctions are called **forward auctions**. Here bids are placed for the goods that are palced for auction and all the needy buyers compete with each other by quoting their best price. Metaljunction, was the first company to conduct the whole auction process through internet and mastered the concept of e-auction.

A Statement of Interest (SoI) form to filled up by customer for applying to register as an online bidder with metaljunction.com. Then the verification of the bidder will be done by Metaljunction and validate the application. Username and password will be sent after approval to participate in the e-auction. Once the password is given, the customer can participate in the bids. So as to minimize the time to be spent by the bidder at the computer and internet portal during auction, Metal Junction has introduced Proxy bidding system. Here the bidder, mentions the minimum price, and the maximum price one is willing to go upto. There is a provision to mention the increment by which one wants to increase the bidding. When the action commences, the proxy is activated and the bids are the placed automatically as per the minimum bid increments. The proxy bid amount is kept confidential and it is not visible to any other bidder. The proxy bids are not visible to the controllers of the auction.

The process of auction is depicted in fig-1

Currently the largest e-marketplace for steel in India is Metal Junction. More than 4 million tonnes of steel for its clients and currently selling at an average rate of 150,000 tones per month. • The buyer community of 5400 plus buyers comprising traders, fabricators, re-rollers and end-

users have placed their confidence on metal junction because of the operational efficiency, transparency and equal access that the platform provides.

Metal junction has emphatically proved that transparency, value creation, innovation, efficiency and ethics are the main objectives of the organization.. It is a commercial organization yet it stands for social values and have expanded into other similar ventures

Metal junction has significantly helped the Indian Steel Business. The cycle time, order to delivery which is the lifeline of any projects division has been reduced. Better documentation and streamlining of procurement process has resulted in better price discovery and more transparent. Metal junction has also helped in widening the vendor base with increased competition amongst vendors, fetching cost savings on major material procurements. We look forward to further strengthening this mutually beneficial relationship.

Benefits To Sellers: Wider Reach Process Efficiency Reduction, Transparency, saving Time , Increased revenue through, Cost better price discovery , Inventory mechanism , People.

Benefits To Buyers: Convenience, Transparency, Lower Cost due to Intermediation, Faster fulfillment by the way of value added services like e-payment

Metal junction apart from auctioning is also trying to sell prime steel through this portal on-line. Currently they are selling TMT bars used in construction for retail users at Delhi and Kolkata. Other cities would be covered gradually. Metal junction has introduced channel financing also for needy buyers of steel. Thus Metal junction ensures, the steel consumers whether small or large, are assured of the quality delivered to them in the most simple, efficient and transparent manner anywhere in the country. It also ensures that the buyers are able to purchase their

requirement just by clicking form their office.

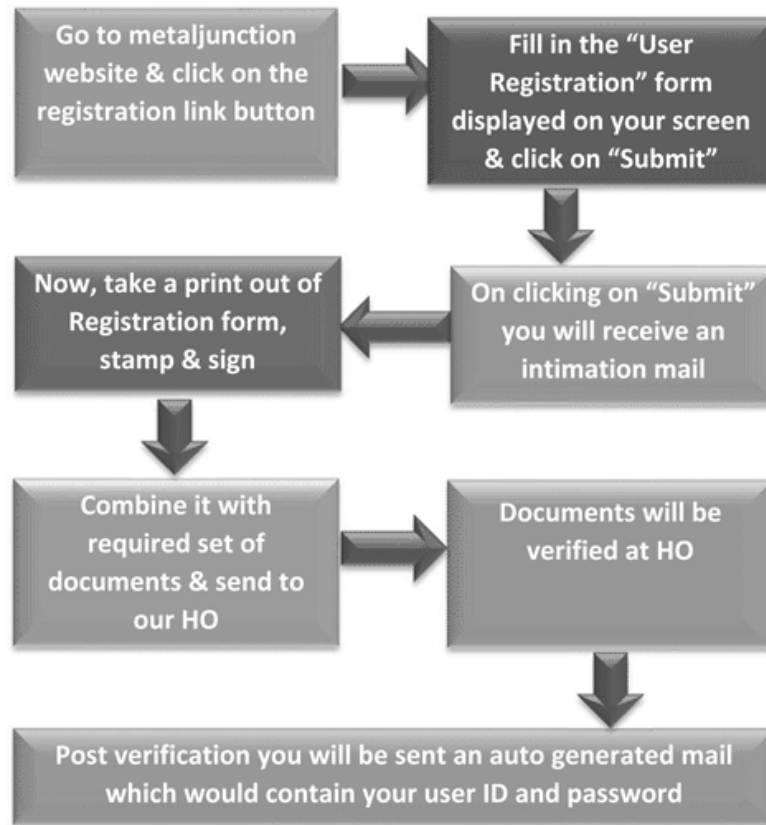


Fig : 1 The auction process

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