

E- Commerce impact on Indian Market: a Survey on social impact

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Abstract:

As 1991, once economic reforms unambiguously obtain place in India as a result of opening-up of the economy with a analysis to incorporate itself with the global economy, the require to assist international deal both during policy and procedure reform has become the base one of India's trade and fiscal policies.

Electronic commerce (e-commerce) as part of the information technology insurrection became broadly use in the world deal in general and Indian economy in exacting.

The Paper discovers the economic and social impact of e-commerce. E-commerce is currently rising at 30% .shopping site eBay Inc. is growing at 60%. The number of customers of the company has augmented from one million users to 2.5 million in India in the last four years. Some of the popular imported items imported by Indians include home decor, branded and unbranded apparel, accessories, and technology products like laptops.

Keywords: Inclination in E Commerce, Role of Government

1. INTRODUCTION

One of the most important issues to be addressed in the area of Services is that of electronic commerce. In order to begin a policy dispute on the subject, it would be useful to present some of the key questions and emerging issues in this area. The WTO associated issues for electronic commerce require be spelling out and investigative from the viewpoint of rising countries in general and India in scrupulous. For an India country policy and plan point of view, it is also significant to focus on some of the key policy frame work proposal that require being intense upon for e-commerce to be useful and winning. This paper seeks to position these for discussion and debate.

Globalization and the new 'digital economy' jointly are having a major crash on the global economy. National markets, including in mounting countries, have been exaggerated by changes in the global economic environment, and further such changes will carry on affecting enterprises and citizens during the world. The impact of e-commerce for increasing countries is at present mainly in the international trade sector. Studies designate that over the past few years the import and export [1] industries have grown considerably, and, so, the impact of e-commerce would be important. E-commerce will also have an important impact on the services sector as not only is this the greatest growing sector today; it is also the sector with the maximum impending for offering digitized service and transactions. For several countries this is of particular significance as the greater part of their workers are employed in the services sector.[1]

Electronic commerce is currently a crucial component of India's trade facilitation policy. Since 1991, after economic modification unequivocally took place in India as a result of aperture of the economy with a vision to incorporate itself with the global economy, the require to facilitate international trade both through policy and

procedure reforms has become the foundation stone of India's trade and fiscal policies. Resultantly, last few years have witness a industrial revolution accompanied by the wide spread use of the Internet, web technologies and their applications. Electronic commerce (e-commerce) as part of the information technology revolution became widely used in the world trade in general and Indian economy in particular.[2] As a representation of globalization, e-commerce symbolizes the cutting edge of success in this digital age and it has changed and is still changing the way business is conducted around the world. The commercialization of the Internet has driven electronic commerce to become one of the most competent channels for inter-organizational business processes. As a result, Internet growth has led to a host of new growth, such as reduce margins for companies as consumers turn more and more to the internet to buy goods and demand the best prices. The internet supplements the conventional businesses to be distorted because 'incumbents (in markets) and large firms do not have the advantage 'just by asset of being there first or by being of big'.[2] The insinuation of perfectly competitive market as the world will watch is that market will create a competent allocation of resources. Internet has precisely been an effective device in changing the simple ways of doing business. In any market with no entry barriers – the 'Net' is biggest of them, the continuous arrival of competition will, routinely, drive down the prices.

2. The New Inclination in E-Commerce:

- 1) Online travel industry contributes 76% of total net commerce.
- 2) Online book buying is back with a leading retailer selling a book a minute online.
- 3) There is customer delight with prompt delivery and flawless payment mechanisms building trust in consumers.
- 4) Online travel ticketing has gotten mature with more and more Indians making their travel plans online – be it on third party websites or airline sites.
- 5) Classifieds have made a successful transition online with jobs and matrimonial taking the lead.
- 6) Online retailers are now pushing a larger number of categories such as electronics and white goods.
- 7) Innovative models like group buying are being tested and launched in the market.
- 8) Currently, online retail's major categories include cameras, computers, home and kitchen appliances, flowers, toys, and gifts.
- 9) The growing impact of internet is also felt on the pattern of advertisement spend by the corporate world, as depicted in the following table the share of internet is growing consistently. Companies are capitalizing on the social networking sites also for their recruitment, selection and for product promotion and survey among customers. According to wirefoot, a consulting firm on e-commerce transactions, by 2015 India will have 30 million online buyers and consumers adapting to ecommerce sites, compared with the 2.5 million online buyers at present.
- 10) China Internet Network Information Center (CINIC) showed that China's online trade in 2009 reached 248.35 billion yuan (US\$36.38 billion), up 93.7% from 2008, and is expected to reach 1 trillion yuan in 2013.
- 11) China has shown that there is a high positive correlation between broadband penetration and growth of e-commerce. The no. of internet users in China is greater than the entire population of U.S. Average annual growth in B2C e-commerce sales registered 64% growth during 2006-2010.[3]

2.1 Role of Government:

Government can, however, play an important role in examining the economic and social impact of ecommerce technologies and in promoting understanding and application of these technologies throughout Indian industries and communities.

- 1) Facilitating market access and business opportunities, especially for small, medium, and microenterprises (SMMEs), on a national and global scale.
- 2) Providing educational and skills development resources.
- 3) Supporting the rapid deployment of necessary infrastructure.[3]

2.2 Advantages of E-Commerce to Businesses in India:

There is a growing consciousness among the business community in India about the opportunities obtainable by e-commerce. Ease of Internet access and navigation are the critical factors that will result in quick implementation of Net commerce. Safe and secure payment modes are vital also along with the need to discover and popularize innovations such as Mobile Commerce. India Reports provide correct and easy to understand India exact reports that capture trends, map business landscapes and custom-made reports for specific needs. The other reports available on India Reports are on retail, outsourcing, tourism, food and other emerging sectors in India. E-commerce provides a new venue for connecting with consumers and conducting transactions. Virtual stores operate 24 hours a day, 7 days a week. Many practical retailers represent a single company while others, such as Top Online Shopping (toponlineshopping.com), represent a consortium of companies.

2.2.1 Worldwide Trade:

E-commerce is one of the most important factors in the globalization of business. Other factors comprise reduce in trade barriers, globalization of capital markets, the movement toward International Financial Reporting Standards (IFRS), and Internet financial reporting. Internet financial reporting has been predominantly helpful to e-commerce companies (Hunter and Smith 2008). IFRS is a global standard for accounting and financial reporting (Smith 2008). The annual growth rate of e-commerce globally has been predictable as high as 28 percent, while some individual countries have much higher growth rates. For example, in India, which has a younger than average market, the e-commerce growth rate has been projected as high as 51 percent.

2.2.2 Practical Businesses:

As a result of e-commerce, business firms now have the capability to happen to virtual businesses. A virtual business is a modular organization of multiple individual business rigid connected via online computer technology. The entity firms making up the virtual business are networked, which enables sharing of skills, costs, and access to markets. An individual business firm contributes only its core competencies. The value of a virtual business is that they have the flexibility required to seize new opportunities and be competitive in a complex market.

2.2.3 Inferior search costs:

The Internet is likely to carry about low search costs and high price transparency. When participant simply publish their prices on the Internet, it is possible to design search engines that will monitor prices across different websites and this will be further facilitate by the growth of protocols such as XML. Such price transparency may make easy collusion. Internet technology could potentially offer an ideal micro-climate for Collusion, due to augmented communication and transparency in the market, as well as the possible for more frequent market connections. In particular,

collusion concerns may arise with deference to market intend and possession within both online marketplaces and joint Internet sales ventures.[4]

2.2.4 Amplified power of downstream players

The growth of e-commerce may further strengthen the market position of downstream buyers relative to suppliers. Firstly, lower search and switching costs will increase the credibility of buyers' threats to switch supplier, and thus boost their negotiate power. Secondly, trade clubs and careful market intend may also pick up their buying power. Thirdly, the widen of geographic retail markets may make easy the development of global retailers. These will be apt to have far greater bargaining power with suppliers than Traditional local or national retailers.[5]

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- 1) Facilitating market access and business opportunities, especially for small, medium, and micro enterprises (SMMEs), on a national and global scale.
- 2) Providing educational and skills development resources.
- 3) Supporting the rapid deployment of necessary infrastructure.
- 4) Facilitating the development of MPCCs as vibrant seeding points for community knowledge and wealth creation, above and beyond the provision of the latest ICTs.
- 5) Developing "model use" programmers for the dissemination of government information and services using e-commerce platforms, e.g., for electronic tender processes.
- 6) Supporting necessary transitions in the labor force due to technological and industrial transformation.
- 7) Ensuring equity in the availability of opportunities and benefits, in the context of the overall development of Indian rural community.

2.4 Economic impact:

- 1) Governments and particularly businesses are confronted with an "adapt or die" scenario, mainly in developing countries, to fall following in technology and innovation could increase the gap with wealthier, more advanced economies.[4]
- 2) E-commerce presents exclusive occasion for less developed countries to greatly expand their markets, both internally and externally. Externally, the Internet and other technologies may allow for low-cost international trade, even for small, local businesses. Internally, many groups of citizens who had been considered "marginalized" and "unbanked" may gain reasonable access to financial services, and may thus contribute more readily in all aspects of the economy.
- 3) Rural areas considered too costly or unprofitable for business development might increasingly become a focus for investment and market expansion, and also for relocating corporate offices.
- 4) Development of microfinance institutions to provide financial services to the semi urban and rural Areas

Conclusion:

E-commerce is promising as a significant instrument to make sure comprehensive growth. The conventional model of business is undergoing a aquatic change to reduce the fame of physical infrastructure of big cities as an necessary state for the smooth performance of business. Emergence of international shipping options creates the occasion to reach online consumers around the globe. Increasing economies with rapidly rising internet diffusion offers an attractive option for the retailers to expand.

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