

E-COMMERCE AND ITS IMPACT ON INDIAN AND GLOBAL MARKET

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ABSTRACT- The purpose of this study is to find out the influence and growth of e-commerce and its impact on national and global market. E-commerce is growing at a rapid pace across the world. Its growth and its benefits are already visible from the studies of developed countries but it's also making a positive impact in terms of growth of developing countries. Due of globalization and relaxation in imports and exports between nations, economies across the world will witness better knowledge and information technology growth. E-commerce is also playing an important role in higher revenue generation, improved customer base, larger amount of job creation in Information Technology sector in a developing nation.

Keywords: E-commerce, Driving factors, Indian market, Global market, Online-trading.

1. HISTORY:

The beginning of e-commerce can be traced in 1960s, when various businesses started using Electronic Data Interchange so as to share business documents with other companies. In 1979, the American National Standards Institute developed ASC X12 as a universal standard for businesses to share documents through electronic networks. In 1980s people started sharing electronic documents through electronic networks. In 1990s the rise of eBay and Amazon revolutionized the E-Commerce industry. Nowadays consumers can purchase endless amounts of items online from anywhere in the world.

2. INTRODUCTION:

E-commerce allows consumers to electronically exchange goods and services with no barriers of time or distance. Electronic commerce has expanded rapidly over the past seven years and is predicted to continue at this rate or even accelerate.

E-commerce or Electronic commerce is a term for any type of business or commercial transaction that involves the transfer of information across the internet. It covers a range of different types of businesses from consumer based retail sites, to auction and music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge.

E-commerce has been used for describing a variety of market transactions, enabled by information technology and conducted over the electronic network. Electronic commerce simply means the capability to buy and sell goods,

information, and services online through public networks. E-commerce utilizes electronic networks to implement daily economic activities such as pricing, contracting, payments, and in some cases even the shipment and delivery of goods and services.

Electronic commerce is concerned with systems and business processes that support:

- Creation of information sources.
- Movement of information over global networks.
- Effective and efficient interaction among producers, consumers, intermediaries and sellers.

3. IMPACT ON INDIAN MARKET:

India is among the fastest growing economies of the world, according to several reports published by International Monetary Fund (IMF) and Central Statistics Office(CSO).The emergence of retail as a dominant market segment have contributed to the unprecedented growth of e-commerce in India.

For the financial year 2016-17 e-commerce sales reached US \$16 billion with a projection of a seven fold growth within the next two fiscals as estimated by Morgan Stanley. And the e-commerce industry is expected to cross \$120billion.

The major driving factors for the growth in e-commerce sector in India:

- Foreign Direct Investment.
- Goods and Services Tax.
- Participation of niche companies in online trading.

Foreign Direct Investment:

While the Government has permitted 100% FDI in many sectors and it has prescribed some restrictions in certain other sectors. Retail is one such area where there are quite a few restrictions. While FDI up to 100% under automatic route is permitted under Business to Business (B2B) e-commerce, no FDI is permitted in Business to Consumer (B2C), except in following circumstances:

1. A manufacturer is permitted to sell its products manufactured in India through e-commerce retail.
2. A single brand retail trading entity operating through brick and mortar stores is permitted to undertake retail trading through e-commerce.

Though FDI has been successful in lending variety to online market of India, their participation is limited by government laws. This would lead to foster a new environment of collaboration between retailers and marketplace that would ensure customer convenience and delight.

Goods and Services Tax:

GST leads to the biggest transformation in the indirect tax regime in India, which will make India a unified common market with reduced compliance costs and bring in simpler tax structure. It intends to rationalize the current indirect tax regime, by following its motto "One nation, one tax" thereby providing a stable economic environment favorable for growth and development.

The model law of GST suggests that the E-commerce operator would be responsible for the collection of the tax at source, referred as TCS (Tax Collected at Source) from the seller. The proposal also seeks e-commerce operators or the providers of the platform known as the marketplace, to collect the tax from the seller and deposit it to the Government at a proposed rate.

A uniform taxation structure, which GST purports to achieve, would contribute to the success of e-commerce business in India. Because of pan-India and a uniform tax structure calculations have become easier and uniform. Same tax for same product or service across various states of India is certainly helping in maintaining price uniformity.

Participation of niche companies in online trading:

With the increase in awareness about the benefits of Online trading, there has been a significant rise in investment in e-commerce business. Hand in hand with offline trading many established business houses have setup online transaction channels. Every other day a new company is being set in the online retail segment.

Specialization and customization are the underlying features of online trading. E-commerce companies are specializing in exclusive items and have consciously moved away from the "one for all" concept. Every new company is focusing on a definite item or targeting on a particular demographic segment. So instead of addressing universally, it is better to concentrate on a single area and execute it with the best ability. Consumers prefer this kind of preferential treatment and personalized attention. Hence niche companies participation in online trading is enhancing the e-commerce sector and increasing the customer base day by day.

4. IMPACT ON GLOBAL MARKET:

E-commerce has a very strong and positive impact on world economy in terms of pricing, availability of products and method of transportation. B2B business in online contributes to a majority portion of revenue from online sales as well as

it influences and contributes a lot to global supply chain networks. The main reason why B2B e-commerce is more advanced and bigger in size than B2C is because of the volume of business in B2B e-commerce is much higher even though the number of players are less compared to consumers.

The year to year growth in B2B sales via e-commerce helped the organizations to do business with lower cost and hence by increasing their profitability. Microeconomic level analysis will show that because of the steady growth in B2B e-commerce, the transportation cost, sourcing cost, warehousing cost and material management cost has reduced substantially. The macroeconomic level impact is of growth in B2B e-commerce resulted in inflation going down which resulted in better and increased productivity, increased profits and companies becoming highly competitive.

In the year 2001, Jose and Richard explained the following points as the major impacts on international business:

- Flexibility in setting up and winding up of organization at the end of each product or process.
- Taking advantage of globalization by distribution of various value added activities to match geographic competitive advantage.
- Gives opportunities for companies to be born global with the ability to service across borders.
- With the help of efficient supply chain logistic partners, organizations can deliver goods and services across the globe efficiently.
- Faster to market with the new products globally as well as cheaply, from the experience and information gained from the customer database.
- Possibility of large scale customization of product offering because of the high volume of customers.
- Intense competition from organizations having high competence, skills and resources across the world to a particular market with less government interventions by means of self regulations.
- Ecommerce will lead to restructuring as well as reorganization of current organization by removing all boundaries and transform them in to viral corporation with network of partners.
- E-commerce will pave way for having the lowest pricing with the highest consumer surplus.

5. CONCLUSION:

The following results can be concluded from this article. E-commerce sector has various driving forces in national market in recent years such as foreign direct investment, Goods and services tax, and participation of niche companies in online trading, which is leading to higher revenue generation and has also increased customer attraction in this sector. Apart from these factors, the literacy level of our country is also continuously increasing, and awareness is also making customers compare products online before making any purchase from any offline store which in turn is leading to increased customer base in e-commerce day by day.

On the other hand e-commerce is also showing a tremendous growth in promotion of global business wiping out the barriers of boundaries between nations.

It is also an integral part in GDP contribution. Imports of goods are also increasing through e-commerce which will benefit various sections of society in terms of knowledge, skills, technological advancement, and improved ways of marketing as well as employment.

Digital marketing is also growing at faster pace as it's fast, cost effective and easy. Hence this integration of digital marketing with e-commerce will bring innovations in marketing functions. Employment will increase in Information Technology and Computer Science sector, and there will be a reduction in traditional jobs. However the overall result will depend on the potential, knowledge and skills of an individual that how he/she is taking this opportunity.

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