ISSN (Online) : 2348 - 2001

International Refereed Journal of Reviews and Research

Volume 8 Issue 4 July 2020

International Manuscript ID : 23482001V8I4072020-121

(Approved and Registered with Govt. of India)

Digital Economy with E-Commerce Platforms in India

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Abstract

E-commerce (electronic commerce) is the activity of electronically buying or selling of products on online services or over the Internet. E-commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. E-commerce is in turn driven by the technological advances of the semiconductor industry, and is the largest sector of the electronics industry. Contemporary

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electronic commerce can be classified into two categories. The first category is business based on types of goods sold (involves everything from ordering "digital" content for immediate online consumption, to ordering conventional goods and services, to "meta" services to facilitate other types of electronic commerce). The second category is based on the nature of the participant (B2B, B2C, C2B and C2C). On the institutional level, big corporations and financial institutions use the internet to exchange financial data to facilitate domestic and international business. Data integrity and security are pressing issues for electronic commerce.

Keywords: E-Commerce, E-Services in India, E-Logistics, E-Commerce

Introduction

E-commerce typically uses the web for at least a part of a transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of products (such as books from Amazon) or services (such as music downloads in the form of digital distribution such as iTunes Store). There are three areas of e-commerce: online retailing, electronic markets, and online auctions. E-commerce is supported by electronic business. The existence value of e-commerce is to allow consumers to shop online and pay online through the Internet, saving the time and space of customers and enterprises, greatly improving transaction efficiency, especially for busy office workers, but also saving a lot of valuable time.

Information technology is a powerful tool for accelerating economic development. Developing countries have focused on the development of ICT during the last two decades and as a result, it has been recognized that ICT is critical to economy and is as a catalyst of economic development. So, in recent years there seems to have been efforts for providing various e-services in many developing countries since ICT is believed to offer considerable potential for the sustainable development of e-Government and as a result, e-Services.

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Many government agencies in developed countries have taken progressive steps toward the web and ICT use, adding coherence to all local activities on the Internet, widening local access and skills, opening up interactive services for local debates, and increasing the participation of citizens on promotion and management of the territory.

But the potential for e-government in developing countries remains largely unexploited, even though. ICT is believed to offer considerable potential for the sustainable development of e-government. Different human, organizational and technological factors, issues and problems pertain in these countries, requiring focused studies and appropriate approaches. ICT, in general, is referred to as an "enabler", but on the other hand, it should also be regarded as a challenge and a peril in itself. The organizations, public or private, which ignore the potential value and use of ICT may suffer pivotal competitive disadvantages. Nevertheless, some e-government initiatives have flourished in developing countries too, e.g. Brazil, India, Chile, etc. What the experience in these countries shows, is that governments in the developing world can effectively exploit and appropriate the benefits of ICT, but e-government success entails the accommodation of certain unique conditions, needs and obstacles. The adaptive challenges of e-government go far beyond technology, they call for organizational structures and skills, new forms of leadership, transformation of public-private partnerships (Allen et al., 2001).

India's small and medium enterprises (SMEs), struggling to survive in the aftermath of demonetization and the introduction of the goods and services tax (GST), seem now to face the threat of global competition through e-commerce platforms. In the recently concluded eleventh ministerial conference (MC11) of the World Trade Organization (WTO) held in Buenos Aires, developed countries sought to negotiate new global e-commerce rules which could liberalize e-commerce and benefit SMEs. India, however, has taken an unfavourable stance. It has cited unfair market access to foreign companies in the currently 'asymmetrical' e-commerce space,

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with its power to hurt domestic e-commerce platforms, as well as SMEs, as the logic for such a stance. Such a stance, however, may not be in its own interests.

SMEs, which contribute to almost 50% of India's exports, can provide the basis for an export-led growth model. The challenge to the SME-led traditional growth models lies in the barriers that they face in growing their markets domestically and globally in a cost-effective manner. SMEs can use the e-commerce route to mitigate the challenges to their growth, as also to increase their competitiveness.

In 2010, the United Kingdom had the highest per capita e-commerce spending in the world. As of 2013, the Czech Republic was the European country where e-commerce delivers the biggest contribution to the enterprises' total revenue. Almost a quarter (24%) of the country's total turnover is generated via the online channel.

Among emerging economies, China's e-commerce presence continues to expand every year. With 668 million Internet users, China's online shopping sales reached $253 billion in the first half of 2015, accounting for 10% of total Chinese consumer retail sales in that period. The Chinese retailers have been able to help consumers feel more comfortable shopping online. e-commerce transactions between China and other countries increased 32% to 2.3 trillion yuan ($375.8 billion) in 2012 and accounted for 9.6% of China's total international trade. In 2013, Alibaba had an e-commerce market share of 80% in China. In 2014, there were 600 million Internet users in China (twice as many as in the US), making it the world's biggest online market. China is also the largest e-commerce market in the world by value of sales, with an estimated US$899 billion in 2016. Research shows that Chinese consumer motivations are different enough from Western audiences to require unique e-commerce app designs instead of simply porting Western apps into the Chinese market.

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Recent research clearly indicates that electronic commerce, commonly referred to as e-commerce, presently shapes the manner in which people shop for products. The GCC countries have a rapidly growing market and are characterized by a population that becomes wealthier (Yuldashev). As such, retailers have launched Arabic-language websites as a means to target this population. Secondly, there are predictions of increased mobile purchases and an expanding internet audience (Yuldashev). The growth and development of the two aspects make the GCC countries become larger players in the electronic commerce market with time progress. Specifically, research shows that the e-commerce market is expected to grow to over $20 billion by 2020 among these GCC countries (Yuldashev). The e-commerce market has also gained much popularity among western countries, and in particular Europe and the U.S. These countries have been highly characterized by consumer-packaged goods (CPG) (Geisler, 34). However, trends show that there are future signs of a reverse. Similar to the GCC countries, there has been increased purchase of goods and services in online channels rather than offline channels. Activist investors are trying hard to consolidate and slash their overall cost and the governments in western countries continue to impose more regulation on CPG manufacturers (Geisler, 36). In these senses, CPG investors are being forced to adapt to e-commerce as it is effective as well as a means for them to thrive.

In 2013, Brazil's e-commerce was growing quickly with retail e-commerce sales expected to grow at a double-digit pace through 2014. By 2016, eMarketer expected retail e-commerce sales in Brazil to reach $17.3 billion. India has an Internet user base of about 460 million as of December 2017. Despite being the third largest user base in the world, the penetration of the Internet is low compared to markets like the United States, United Kingdom or France but is growing at a much faster rate, adding around 6 million new entrants every month.[citation needed] In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities.[citation needed] The India retail market is expected to rise from 2.5% in 2016 to 5% in 2020.

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The future trends in the GCC countries will be similar to that of the western countries. Despite the forces that push business to adapt e-commerce as a means to sell goods and products, the manner in which customers make purchases is similar in countries from these two regions. For instance, there has been an increased usage of smartphones which comes in conjunction with an increase in the overall internet audience from the regions. Yuldashev writes that consumers are scaling up to more modern technology that allows for mobile marketing. However, the percentage of smartphone and internet users who make online purchases is expected to vary in the first few years. It will be independent on the willingness of the people to adopt this new trend (The Statistics Portal). For example, UAE has the greatest smartphone penetration of 73.8 per cent and has 91.9 per cent of its population has access to the internet. On the other hand, smartphone penetration in Europe has been reported to be at 64.7 per cent (The Statistics Portal). Regardless, the disparity in percentage between these regions is expected to level out in future because e-commerce technology is expected to grow to allow for more users.

The e-commerce business within these two regions will result in competition. Government bodies at the country level will enhance their measures and strategies to ensure sustainability and consumer protection (Krings, et al.). These increased measures will raise the environmental and social standards in the countries, factors that will determine the success of the e-commerce market in these countries. For example, an adoption of tough sanctions will make it difficult for companies to enter the e-commerce market while lenient sanctions will allow ease of companies. As such, the future trends between GCC countries and the Western countries will be independent of these sanctions (Krings, et al.). These countries need to make rational conclusions in coming up with effective sanctions.

The rate of growth of the number of internet users in the Arab countries has been rapid – 13.1% in 2015. A significant portion of the e-commerce market in the Middle East comprises people in the 30–34 year age group. Egypt has the largest number of internet users in the region, followed

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by Saudi Arabia and Morocco; these constitute 3/4th of the region's share. Yet, internet penetration is low: 35% in Egypt and 65% in Saudi Arabia.

Conclusion

E-commerce is powered by the internet, where customers can access an online store to browse through, and place orders for products or services via their own devices. As the order is placed, the customer's web browser will communicate back and forth with the server hosting the online store website. Data pertaining to the order will then be relayed to a central computer known as the order manager -- then forwarded to databases that manage inventory levels, a merchant system that manages payment information (using applications such as PayPal), and a bank computer -- before circling back to the order manager. This is to make sure that store inventory and customer funds are sufficient for the order to be processed. After the order is validated, the order manager will notify the store's web server, which will then display a message notifying the customer that their order has been successfully processed. The order manager will then send order data to the warehouse or fulfillment department, in order for the product or service to be successfully dispatched to the customer. At this point tangible and/or digital products may be shipped to a customer, or access to a service may be granted.

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