

INTERNATIONAL BUSINESS AND INDIAN E COMMERCE PERSPECTIVE**D.P. Parate**

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ABSTRACT

One the many challenges facing the countries in the Asia-Pacific today is preparing their societies and governments for globalization and the information and communication revolution. Policy-makers, business executives, NGO activists, academics, and ordinary citizens are increasingly concerned with the need to make their societies competitive in the emergent information economy.

Keywords: *business, eCommerce*

Introduction

In the emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals. Specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs. With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. The name of the game is strategic positioning, the ability of a company to determine emerging opportunities and utilize the necessary human capital skills (such as intellectual resources) to make the most of these opportunities through an e-business strategy that is simple, workable and practicable within the context of a global information milieu and new economic environment. With its effect of leveling the playing field, e-commerce coupled with the appropriate strategy and policy approach enables small and medium scale enterprises to compete with large and capital-rich businesses.

The Indian economy has consistently shown signs of proliferation, with the average Gross Domestic Product (GDP) growth rate at 7.5 per cent in 2015-16. The retail sector is currently demonstrating signs of rapid expansion at 11 per cent compound annual growth rate and is expected to grow from an estimated prevalent size of USD 600 billion to USD one trillion in the year 2020. Though, e-commerce spends in India is around one per cent of the total retail spending, e-commerce has become a key driver to create new markets in erstwhile unreachable geographies. Micro Small and Medium Enterprises (MSMEs) account for more than 98 per cent of the total industrial units in India. However, only limited numbers of MSMEs have the potential and readiness for Cross-Border Trade (CBT). To capitalize on the benefits from specific target customer base, there is a case for clusters to be classified as export-oriented in the selected category of products. There are few CBT categories like textile, apparel, leather, handicraft, gems and jewellery concentrated in clusters. It is, therefore, essential to map e-commerce (CBT) readiness to be able to attain focused and project based targets for CBT among MSMEs.

**The Right Time for India's CBT
Digitization**

A new trend of boom in digitization amongst Indian MSMEs is on the rise. Indian MSME units, particularly those with second and third generation entrepreneurs in the business are

relatively quick to adopt technology, thus witnessing enhanced business efficiency. Such firms connect with customers digitally, trading globally through the e-commerce platform. This has further resulted in tremendous opportunities for MSMEs that earlier had limited marketing options and can now directly connect with the buyers across global markets. The encouragement to MSMEs towards diversifying from offline to online mode also comes from intimations under the new foreign trade policy 2015-20 towards e-commerce exports.

Origin of IT legislation in India

With more number of nations adopting electronic governance and enormous growth of electronic commerce, 1990's witnessed advent of computerization and globalization. Till that time almost all of the trade and transactions were done through documents which were subsequently transmitted or sent through post or telex. Paper hardcopies were used as evidence and records. As electronic communication and email become prevalent in international trade, an immediate and impending need for recognition of electronic records was felt.⁵⁰ A model law on electronic commerce was framed by the United Nations Commission on International Trade Law in 1996, which was adopted after resolution A/RES/51/162, dated 30 January 1997 in the United Nations general assembly. Understanding for the need of uniformity of the law as alternative to paper-based methods of communication and storage of information, it was recommended in the resolution, that all states while enacting or revising their laws, should give favorable consideration to the said model law.

E-Business Economics

The economic implications of using the internet for business purposes are the focus of this chapter. The chapter begins by explaining how the internet for e-business and e-

commerce pushes markets closer to the perfectly competitive model. The discussion is then broadened to include the effects of the internet on the competitive environment. This is followed by an overview of the key features of internet economics.

Economics is concerned with the efficient allocation of resources. Italian economist Vilfredo Pareto (1848–1929) gave his name to a definition of efficiency where a situation arises in which it is not possible to make someone better off without making someone else worse off. Pareto efficiency can relate to production – where it is impossible to increase output of one good without decreasing the output of any other, and to exchange – where it is impossible to increase consumption of one good without decreasing consumption of another. Maximum efficiency requires the Pareto principle to be evident in production, exchange of goods and services, and in the output mix of goods and services (Hardwick et al., 1999). The conditions necessary for Pareto efficiency to be realised are those relating to perfect competition.

Perfect competition refers to a market where no individual buyer or seller can influence the market. That is, the market forces of supply and demand determine the price and output of goods and services. Perfect competition is a theoretical market structure based on a number of key assumptions. Only when these assumptions are fulfilled can Pareto efficiency be achieved. The assumptions include that:

- There are many buyers and sellers;
- There is freedom of entry into and exit from the market;
- There is perfect mobility of the factors of production;
- There is perfect knowledge of the market;
- There is a homogeneous product.

Opportunities

The increasing number of digital buyers worldwide, the shift in consumer preferences from offline to online purchase and market

diversification, are some of the most considerable incentives for Indian MSMEs to expand their e-commerce outreach. Even in India, the second largest populated nation in the world, where only two per cent of the population is currently purchasing goods online, there exist huge potential for e-commerce expansion, as the current capacity to gain larger portion of global consumers remains unharnessed. Case studies on Indian e-commerce CBT by eBay and Snapdeal further reiterate the same and discuss numerous benefits that e-commerce exports can accrue for the Indian MSMEs. These include - inter-alia availability of a global market, increase in employment opportunities, direct access to the end customers, diversification and mitigation of risks and improvement in their survival rates. Moreover, the growth in MSMEs will influence national economic development trends and in addition, expand the e-commerce footprint of the Indian MSMEs. This will further assist MSMEs' tap into new markets, new suppliers and promote additional sales channel for existing exporters.

E-commerce shopping is a thriving market and is a rapidly booming business around the globe. Retail e-commerce sales include - products and services (barring travel, restaurant and event ticket sales) ordered via the internet over numerous devices. Retail e-commerce sales worldwide forecasts indicate that the figure is likely to double in the year 2020 as compared to 2016 figures. Here, 41 per cent of the global internet users purchased products online in 2013; around 1.4 billion people made online purchases in 2015 and this is likely to cross the two billion mark in the year 2019.

How important is e-commerce to SMEs in developing countries? How big is the SME e-business market?

For SMEs in developing countries e-commerce poses the advantages of reduced information search costs and transactions costs (i.e., improving efficiency of operations-reducing

time for payment, credit processing, and the like). Surveys show that information on the following is most valuable to SMEs: customers and markets, product design, process technology, and financing source and terms. The Internet and other ICTs facilitate access to this information. In addition, the Internet allows automatic packaging and distribution of information (including customized information) to specific target groups. However, there is doubt regarding whether there is enough information on the Web that is relevant and valuable for the average SME in a developing country that would make investment in Internet access feasible. Underlying this is the fact that most SMEs in developing countries cater to local markets and therefore rely heavily on local content and information. For this reason, there is a need to substantially increase the amount and quality of local content (including local language content) on the Internet to make it useful especially to low-income entrepreneurs.

Conclusion

E-Commerce will be the leader with popularity and prosperity in e-trade sector. From above discussion we can come to a view that eCommerce has changed the business strategy and making life easier for the people of Bangladesh as well as other countries. Developing countries like Bangladesh, we faced some problem in this sector but we think we can overcome very strategically in future. In this sector Government role is also very significant for the growth and implementation. Shiferaw et.al. Government should simplify friendly policy and e-government services. Here social support and practice is also needed for the improvement of online shopping. Family practice & choice and the significant role of the media should be leaded positively. So from the above research we can easily say, maintenance of factors, handling of limitation and by the help of Govt. e-commerce can plays a significant role in 21st century.

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