

E-Commerce and Its Impact on Indian Society

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Abstract: Today there is demand for a business which is flexible enough to respond to any fluctuations in the running of the business. What differentiates an on demand business from its competition is the fact that it is responsive in real time as the event occur. This is possible only because all its business processes are thoroughly integrated and the information technology infrastructure exists in an on demand operating environment.

This research paper deals with the effectiveness of e-commerce in Indian economy. The main objective of this research paper is to throw some light on the impact of e-commerce in Indian economy and the challenges faced by the e-trading in the Indian society. The main objectives of this research paper are:

1. To study the challenges faced by e-commerce in India.
2. To study the various impacts of e-commerce in different levels.

Keywords: E-commerce, Indian economy.

I. INTRODUCTION

Electronic commerce, commonly written as e-commerce, is the trading or facilitation of trading in products 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. Modern electronic commerce typically uses the World Wide Web for at least one part of the transactions life cycle, although it may also use other technologies such as e-mail.

E-Commerce businesses may employ some or all of the following:-

- Online shopping websites for retail sales direct to consumers.
- Providing or participating in online market places, which process third-party business-to-consumer or consumer-to-consumer sales.
- Business-to-business buying and selling.
- Gathering and using demographic data through web contacts and social media.
- Business-to-business electronic data interchange.
- Marketing to prospective and established customers by e-mail or fax (for e.g. with newsletters).
- Engaging in retail for launching new products and services.

II. CHALLENGES FACED BY E-COMMERCE IN INDIA

INFRASTRUCTURE PROBLEMS:

Internet is the backbone of e-commerce. Unfortunately internet penetration in India is so far dismally low at 0.5% of the population against 50% in Singapore. Similarly penetration of personal computer in India is as low as 3.5 per thousand of population compared to 6 per thousand in China and 500 per thousand in US. Internet is still accessible through Pcs with the help of telephone lines.

Given the penetration of telephone only 2.1% of population, e- commerce remains far away from the common man. It is difficult for e- commerce to reach to 1000 million population spread over 37 million households in 6,04,374 odd villages and 5,000 towns and cities. Besides, both cost of personal computers and internet access are quite high.

ABSENCE OF CYBER LAWS:

Other big challenges associated with e- commerce market is the near absence of cyber laws to regulate transactions on the Net. World Trade Organization is expected to enact cyber laws soon. The India's Information Technology (IT) bill passed by the Indian Parliament on May 17, 2000 intends to tackle legislatively the growing areas in e- commerce.

The bill also intends to facilitate e- commerce by removing legal uncertainties created by the new technology. As it stand today, the bill deals with only commercial and criminal areas of law. However, it does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.

PRIVACY AND SECURITY CONCERN:

As of today, quite vulnerable issues related to e- commerce are privacy and security. So far, there is no protection offered either by website or outside watchdogs against hazard created by exploiting one's privacy.

DIGITAL ILLITERACY AND CONSUMER PSYCHE:

At present, digital illiteracy is one of the formidable problems e- commerce is facing in India. On the other hand, the continuous exodus of skilled computer engineers to other countries has denuded India of software engineers. This has posed a real threat to India information technology industry. Obviously, solution to this problem lies in curbing the computer brain drain and uses the same in the country.

The Indian consumer is also characterized by his unique psyche. Usually, the Indian consumer does not go long distances for having any food of his choice when a neighbourhood store provides him whatever he wants. That is why the consumer does not browse the Net knowing the consequent hassles of connectivity and other botheration. Added to this is that building trust on the electronic media also takes long time more especially when the vendor is situated at a very far off place.

VIRUS PROBLEM:

That computer virus is also a formidable problem in the execution of e- transactions is confirmed by the computer originated at Manila. A computer virus lagged 'I Love You' originated in Manila, Philippines on May 5, 2000 rippling across world, inflicted millions of computer files causing colossal loss of US \$7 billion to the government and the businesses . The offenders causing 'virus' must be awarded deterrent punishment, otherwise similar assaults in future cause lasting blows to the quite young e- commerce in India as well.

ECONOMIC IMPACTS OF E- COMMERCE:

- 1 Governments and especially business are confronted with an "adapt or die" scenario, particularly in developing countries, to fall behind in technology and innovation could increase the gap with wealthier, more advanced economies.
- 2 E- Commerce presents unique opportunities 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 affordable access to financial services, and may thus participate 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 micro finance institutions to provide financial services to the semi- urban and rural areas.
- 5 E- Learning and M- leaning enhances the access of the educational institutions in remote areas.
- 6 E- Governance initiatives increases access to information and thereby reduce corruption.
- 7 M- Banking (Mobile banking) reduces the transaction cost of banking industry thereby increasing access to financial services through rapidly growing mobile market.
- 8 Micro, small and medium enterprises can leverage the technology to market their products globally.

SOCIAL IMPACTS:

1. Some of the intangible downside risks of increasingly virtual interaction within rural community include the possible de- socialization of individuals who have less and less direct contact with their peers, their co- workers, and their community. This can extend to family relations as well, particularly if technology creates further imbalances between these who are “online”, and those without access to these technologies. On the other hand, equitable deployment of infrastructure and resources could provide a means of maintaining and expanding family and communal ties that would otherwise be broken by distance and cost.
2. Other problem includes psychological and physical health related effects of sedentary, computer anchored work environments. Early experience suggests that as this type of work (and social) activity expands businesses and government will have to consider broad based means and offset health hazards with new policies and treatments.
3. E- Commerce may offer the potential for shifting the balance of opportunity, wealth, and social and political inclusion. As much as these trends can be beneficial to the majority of rural community, they are also likely to bring unanticipated effects on cultural and social norms. Indigenous traditions that have so far survived the intrusion of modernity may be less resilient in the face of global networks and instantaneous communication. This type of impact are just as significant as changes in bottom- line incomes, and can really only be “measured” by the persons whose lives are being changes by forces largely beyond their control.
4. Electronic opportunities are valuable for giant corporations and small entrepreneurs alike. In the latter case, however the technologies and market options available through e- commerce may foster a true revolution in the way business structure and relationships are organized. The prospect of establishing new micro, small and medium enterprises is greatly enhanced by the efficiencies available through information and communications technology. A study by Google showed that 57% of SME’s used website as a sales channel and got direct leads from their websites. According to internet and mobile association of India 73% of MSME’s have their own websites. Importantly 99% of MSME’s use online B2B market places to generate business.

III. CONCLUSION

From the above research article we can conclude that e- commerce plays a pivotal role in Indian society. It plays an important role in upgrading and developing the Indian economic system. It provides support to small and medium enterprises to flourish their business.

On the other hand E- Commerce faces some challenges also which we need to work on like lack of cyber laws, lack of computer education etc.

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