

# Chapter 10

## E-Commerce and Its Role in the Development of India's Indigenous Product Base

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### ABSTRACT

*This work aims to fathom how the traditional and the indigenous product base of India will change if it rides the supersonic flight of the booming e-commerce sector. E-commerce has registered unprecedented growth in the developed world, and in the developing world, the transition is more visible and is garnering a foothold in a multitude of ways. Propelled by rising smartphone penetration, 4G networks, and increasing consumer wealth, the Indian e-commerce market is expected to grow significantly. Addendum to this will be the initiatives taken to indicate the transition. One such prospective sector that will ensure this is India's traditionally produced/manufactured or exclusive homegrown products. Linking these locally vibrant products or goods in states per se with e-commerce will ensure the growth and development of the said products and will stretch their outreach both in the country and worldwide. This in turn will ensure the development of the particular regions and the country as a whole apart from carving an undaunted place in the export portfolio of the country.*

### INTRODUCTION

Electronic commerce or E-commerce has spread its wings across the length and breadth of developed economies, has started penetrating or assimilating in more potent and profitable sectors in developing economies, and at the same time is making its way into the other sectors of the economies and also in less developed countries. The past decade has seen the global economy's transit from the Industrial

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Revolution 3.0 to 4.0. It will not exaggerate the actual status if we say that much of this transition is a by-product of enhanced penetration of high-end technological innovations and high-speed internet. Many people do not realize that E-commerce has been there for almost 40 years and has just become widely known in the last decade or two. By now, many of us have come to accept the notion that E-commerce is a vital piece of modern-day business. Despite being only a convenient vehicle to riches in the past, E-commerce has genuinely altered the way businesses are done (Tain and Stewart, 2007).

The work program on Electronic Commerce of the World Trade Organization (2019) defines E-commerce as the production, distribution, marketing, sale, or delivery of goods and services by electronic means. According to the Ministry of Statistics and Programme Implementation, Government of India (2019), E-commerce refers to the facilitation of trade and related practices through electronic means like via commercial internet portals and other means. Furthermore, EC encompasses several operations spread throughout the firm's value chain, including product/service marketing on the web, payment integration with consumers, secure transactions, and customer inquiries. EC is an umbrella idea to combine various applications, both present and those yet to be created (Vaithianathan, 2010).

Broadly, EC transactions can be categorized in terms of target user groups such as business-to-business (e.g., procurement over computer networks), business-to-consumer (e.g., online retailing), business-to-administration (e.g., Government and business transactions), and consumer-to-administration (e.g., filing of tax returns). However, the share of the business-to-business transactions exceeds that of business-to-consumer transactions though later being in the limelight over the recent years.

A Discussion Paper on E-Commerce in India (2014) states that E-commerce has been increasing across the world. Industry sources indicate that this growth can be sustained over a more extended period as E-commerce will continue to reach new geographies and encompass new markets. Though E-commerce has limitless opportunities to offer for many sectors, it will need a prerequisite digital revolution and a certain degree of preparedness from the economies. On the domestic front, E-commerce has witnessed exemplary growth. It will be in the fitness of things if the coverage of electronic transactions is beamed towards the traditional product base of our country. The move will not only benefit the products manufactured or grown locally which have lost their sheen amid the influx of innovative machine-made goods but will also ensure other multiple benefits for the economy as a whole. This whole process will be multi-phased and will need sound investment impetus along with infra to build up sound infrastructure for skilling of the people involved in the production/manufacturing of such products. But once accomplished, the move can revive the traditional sustainable practices and offer numerous distinctive products of high prestige value to the global and local consumer base.

## **LITERATURE REVIEW**

Companies throughout the globe have embraced EC and have seen its benefits, including an increase in business performance. Integrating e-commerce into their value chain operations provides many benefits, including operational efficiency and income generation (Brynjolfsson and Kahin, 2000). With the advent of online retail, the quantity of scholarly articles in this field has increased proportionately. In this context, it would be highly imperative to discuss some of the studies in detail to get an insight into the growth and importance of E-commerce.

According to Damanpour and Damanpour (2001), internet communication has completely revolutionized the way firms share information with their business partners and how they do commerce. The study

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