



## Mains Practice Question

**Q.** E-commerce is emerging as a key enabler and critical determinant of India's growth and economic development. Analyse the above statement in the light of India's draft e-commerce policy. (150 words)

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### Approach

- Briefly explain what is e-commerce and its increasing share in the Indian economy
- Bring out the benefits of e-commerce for its users and economy
- Mention the issues involved with e-commerce
- Explain how the draft policy looks to strengthen the e-commerce ecosystem
- Conclude suitably

### Ans.

- E-Commerce marketplaces are digital platforms, i.e. online platforms on which goods (physical or digital) or services are sold. An e-commerce marketplace is expected to provide all-round benefits in comparison to its physical counterpart, by an increase in access and economies of scale in operation.
- The global economy is swiftly moving towards digitization. Automation in the manufacturing sector, use of artificial intelligence, online retail, etc are few indicators of reduced human interference and increased technology adoption. India too is not left untouched by these developments. The E-commerce sector in India has emerged as one of the fastest-growing sectors and is expected to grow from 38.5 billion in 2017 to \$200 billion by 2026 in India.

### **e-commerce provides the following benefits to its users and the economy overall:**

- Domestic manufacturers/MSMEs/start-ups/sellers/retailers stand to benefit from the enhanced visibility provided by e-commerce platforms.
- e-Commerce provides an opportunity to sellers or traders and consumers to communicate and connect beyond the limitations of geography and time, thus providing avenues for exports.
- Consumers have benefitted from increased competition in the market by way of getting access to a greater variety of products at competitive prices.
- Another benefit in this field has been the development in the area of logistics (delivery partners), which has provided employment to a significant number of people.
- E-commerce also provides scope for symbiotic growth where producers of traditional products are provided opportunities to create a steady supply of items for sale.
- Despite all the benefits and potentials e-commerce promises, it faces issues such as: selling at a loss and 'cash-burning' and capital burning which has anti-competitive consequences, Regulators find it difficult to hold entities responsible, that have physical presence hundreds of millions of miles away, abuse of data are few of the major threats.
- Thus to address issues pertinent to the sector and create a framework for achieving the holistic growth of the e-commerce sector the government has come up with the draft e-commerce policy.
  - It addresses six broad issues of the e-commerce ecosystem viz, Data, Infrastructure development, E-commerce marketplaces, Regulatory issues, Stimulating domestic digital

- economy, and Export promotion through e-commerce.
- It establishes strategies that protect the misuse of data while maintaining the spirit of existing regulations.
  - The policy encourages foreign investment in the 'marketplace' model alone. Thereby foreign investments are not seen as a threat by small offline retailers of multi-branded products.
  - It seeks to provide a level-playing field to all stakeholders, including individual consumers and MSMEs and start-ups.
- Thus, to fully realise the potential of e-commerce, steps for streamlining the experience for consumers, expedite sustained growth of the sector and drive towards consonance with other areas of the economy should be taken. In this backdrop, India's move towards formulating a domestic policy for this fast-growing sector is a welcome step.

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