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**THE EFFECT OF E-COMMERCE ON THE INTERNATIONAL TRADE**

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## THE EFFECT OF E-COMMERCE ON THE INTERNATIONAL TRADE

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### Abstract

In modern world, economic globalization is the trend of the economic development. In order to adapt to the trend of economic globalization and survive, enterprises have to do the international trade to improve their competitive ability, especially for the small and medium enterprises (SMEs). SMEs do not have good way to get economic information and cannot sell their products in big markets like the big enterprises. The development of the e-commerce provides great opportunity for the SMEs to do the international trade. As we all know that is called the factory of the world now. The products are sold in the whole world and the small and medium enterprises' goods account for a large proportion. 21st century is the information age. The small and medium enterprises should use the e-commerce to do the international trade and expand their markets.

**Keywords:** E-commerce, SME, Trade.

### Introduction:

The most important characteristic of today's international trade is globalization. On the internet we can find the definition of the globalization is: the act or process of globalizing, the state of being globalized; especially the development of an increasingly integrated global economy marked especially by free trade, free flow of capital, and the tapping of cheaper foreign labor markets. There are some organizations were built to support countries during the globalization of the economy, like WTO, APEC, EU. The world has the trend of the globalization because different countries in the world have different advantages, some countries have resources and some countries have technology. Different countries produce goods with their advantage can improve the efficiency and save resources. At this stage the globalization of economy is showing on the international trade. People in different countries can get information through internet, they want to enjoy the products they do not use before and the goods in different countries may has special meaning, styles, good quality and so on. With the development of Internet, e-commerce is used very widely in the world. There are a lot websites that we can find where we can buy goods made in different countries, like amazon, yamibuy, eBay, and so on. Online shopping has become a very important shopping way in modern world for people. E-commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. By understanding the current situation of small and medium enterprises and the development of e-commerce can help us to understand how e-commerce impact 3 international trade of the small and medium enterprises. Then we can give some useful advises for the small and medium enterprises to develop international trade by using e-commerce. In modern world, e-commerce has become a very popular method for small and medium enterprises to use on international trade.

### Objective:

- 1) The using of e-commerce promote small and medium enterprise costs reduction.



- 2) It is well known that small and medium enterprises do not have enough funds like the big enterprises.
- 3) Lacking of funds is an important factor restricting the development of small and medium enterprises.
- 4) The small and medium enterprises make full use of the Internet, they can improve the utilization rate of capital, by this the small and medium enterprises can effectively reduce the cost.
- 5) The impact of E-Marketing use on small business enterprises marketing success.

### Methodology:

This paper is based on secondary data.

### Development of e-commerce:

During this time the e-commerce develop very quickly. There are some reasons. First of all, a lot of people in china have accepted the new shopping way online shopping. Secondly, the small and medium enterprises have the chance to do the e-commerce. The small and medium enterprises produce almost all kinds of goods. There are almost all kinds of goods sell online that can satisfy diverse needs of consumers. Thirdly, the logistic system and pay online system become more complete. More than 90% of the enterprises doing the e-commerce is small and medium enterprises in China and more than half of the sales of international trade coming from small and medium enterprises. It seems necessary to do the e-commerce to help small and medium enterprises do international trade.

### Current situation of international trade:

International trade market and domestic areas continue to optimize the geographical distribution. The import and export of developed countries has been stable developed. In 2014 the European Union and the United State import and export amount growth of 9.9% and 6.6% than the earlier year. In China the middle and west region developed very well and accepted the enterprises coming from east region. The international trade commodity structure and the management main body structure were further improved. During 2014 the e-commerce international trade growth ratio is 30% than early year. In 2015 because the global economy is going down, the international trade of China is slow down. A lot of the small enterprises have shut down already. There are a lot of factors that may affect the international trade is not stable. There are some new risk factors adds which have the bad effect on the international trade, such as regional turmoil, dollar up valuation.

### E-commerce influence on the international trade of small and medium enterprises:

#### Advantage:

The development of small and medium enterprises. But if the small and medium enterprises make full use of the Internet, they can improve the utilization rate of capital, by this the small and medium enterprises can effectively reduce the cost. It can reduce marketing costs, procurement costs and can reduce inventory, which is very good to the development of small and medium-sized enterprises. Due to the use of the Internet information, the small and medium enterprises can directly receive customer orders through the Internet. For customers they can put their demand for the products online. The enterprises can analyze the information to produce better products. Especially some enterprises have the perfect e-commerce system can transmit the information of consumer demand directly to the automated production line in order to best meet customer demand. Because the products satisfy