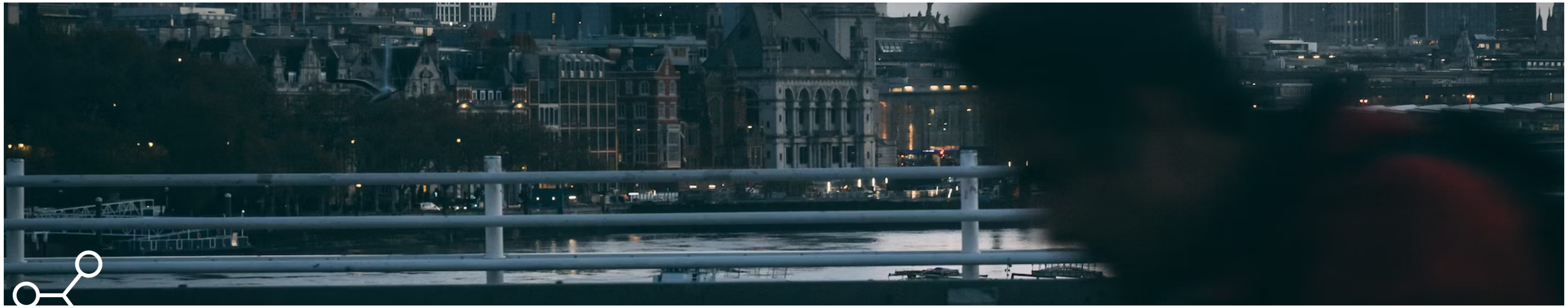

Module 5: Global Ethics And E-Commerce

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Tags	

▼ Syllabus

- Social responsibility and ethical issues in international business
- National differences in ethics and social responsibility
- Code of conduct for MNC's.
- Global E-Business, E- Commerce in India.
- Atmanirbhar and International Business

Social Responsibility in International Business:
Social responsibility in international business refers to the ethical and moral obligations that corporations have towards society and the environment in the global context. It involves conducting business in a manner that takes into account the well-being of not only the shareholders but also other stakeholders, including employees, customers, communities, and the environment.

Ethics in International Business:
Ethics in international business pertains to the moral principles and values that guide the behavior of businesses operating on a global scale. It involves making decisions that are fair, just, and ethical, considering the diverse cultural, legal, and societal norms in different countries.

Example:

Social Responsibility:
Consider a multinational corporation that operates in developing countries. Instead of solely focusing on profit maximization, the company actively engages in community development projects, such as building schools, providing healthcare facilities, and supporting local initiatives. This demonstrates a commitment to social responsibility by contributing to the welfare of the communities in which it operates.

Ethics:
An international company adheres to ethical practices by ensuring fair labor conditions in all its global operations. This includes paying fair wages, providing safe working conditions, and respecting human rights, irrespective of the cultural or legal differences in the countries where it operates.

Features of Social Responsibility and Ethics in International Business:

Features	Social Responsibility	Ethics in International Business
Scope	Concerned with the impact of business on society and the environment.	Involves the moral principles guiding business conduct globally.

Stakeholders	Addresses the interests of a broad range of stakeholders, including communities and the environment.	Focuses on ensuring fairness and justice for all stakeholders, especially employees and consumers.
Voluntariness	Often involves voluntary initiatives beyond legal requirements.	Involves voluntarily adhering to ethical standards even if not legally mandated.
Long-Term Perspective	Emphasizes sustainable practices for long-term societal and environmental benefits.	Advocates for ethical decision-making that builds trust and reputation over the long term.
Cultural Sensitivity	Requires understanding and respecting diverse cultural norms and values.	Necessitates considering cultural variations in ethical standards and practices.

Pros and Cons:

Pros	**Cons**
Social Responsibility	
Enhanced Reputation	High Initial Costs
Increased Customer Loyalty	Potential Conflict with Profit Maximization
Positive Impact on Communities	Lack of Standardized Metrics for Measurement
Sustainable Business Practices	Potential Greenwashing
Ethics in International Business	
Enhanced Corporate Culture	Cultural Sensitivity Challenges
Legal Compliance and Risk Mitigation	Potential Competitive Disadvantage
Global Stakeholder Trust	Complex Decision-Making in Diverse Legal Environments
Long-Term Financial Stability	Requires Continuous Monitoring and Enforcement

These pros and cons highlight the multifaceted nature of social responsibility and ethics in international business, emphasizing the need for a balanced and thoughtful approach that considers the complexities of the global business environment.

1. Questions Addressed by International Business Ethics:

- **Conflicting Ethical Morals:** In international business ethics, the field addresses questions related to situations where ethical morals clash due to diverse cultural practices.
- **Example:** Consider the dilemma of whether an international business should pay bribes to corrupt government officials to gain market access in a foreign country.

2. Challenges and Characteristics of International Business Ethics:

- **Cultural Diversity:** Every culture and nation has its unique values, history, customs, and traditions, leading to varied ethical values and principles.
- **Lack of International Ethical Code:** Currently, there is no universally accepted international ethical code of conduct followed by all countries.
- **Government Initiative Gap:** There is a deficiency in government initiatives to establish an ethical cooperation framework, hindering the promotion of ethical behavior in international business.

3. Open Questions and Dilemmas:

- **Cultural Relativity:** The challenge arises from the absence of a universally agreed-upon ethical standard, leading to dilemmas when navigating diverse cultural norms.
- **Need for Ethical Framework:** The absence of a global ethical framework prompts ongoing questions about how to establish and adhere to ethical standards in international business practices.

- **Government Role:** Governments play a crucial role, and the lack of initiative in creating a cooperative ethical framework is identified as a hurdle in fostering ethical behavior in international business.

In summary, international business ethics grapples with complex issues arising from cultural diversity, the absence of a universal ethical code, and the need for collaborative efforts, particularly from governments, to establish and promote ethical standards in the global business arena.

1. Ethics and Employment Practices:

- **Question:** When work conditions in a host nation are significantly poorer than those in a multinational's home nation, ethical questions arise.
- **Standards Dilemma:**
    - *Home Nation Standards:* Adhering to the standards of the home nation may ensure consistent treatment but might be seen as ethnocentric.
    - *Host Nation Standards:* Following the standards of the host nation respects local practices but may compromise employee well-being.

2. Ethics and Environmental Pollution:

- **Question:** Should a multinational be free to pollute in a developing nation if it doesn't violate local laws?
- **Regulation Disparities:**
    - *Environmental Regulations:* When host nations have lax environmental regulations compared to the home nation, ethical concerns emerge.

    - *Balancing Act:* Multinationals face a dilemma in balancing profitability with environmental responsibility.

3. Ethics and Corruption:

- **Question:** Is it ethical to make payments to government officials to secure business?
- **Legal Framework:**
    - *Foreign Corrupt Practices Act (FCPA):* In the United States, the FCPA prohibits paying bribes to foreign government officials for business gain.
    - *Global Variances:* Ethical considerations vary globally, and adherence to anti-corruption laws can be challenging in regions with different norms.

4. Ethics and The Social Responsibility:

- **Question:** Do multinationals have a responsibility to give back to the societies that enable them to grow and succeed?
- **Social Responsibility Concept:**
    - *Business Decision Consideration:* Social responsibility involves considering social benefits when making business decisions.
    - *Economic and Social Benefits:* Businesses should strive for decisions that offer both economic success and positive social impact.

In summary, these ethical issues in international business involve complex decision-making regarding employment practices, environmental impact, corruption, and the social responsibility of multinational companies. The challenge lies in navigating the differences between home and host nations, adhering to legal frameworks, and finding a balance between economic success and positive social contributions.

Roots of Unethical Behavior:

1. Personal Ethics:

- **Influence on Managerial Behavior:**
  - *Definition:* Personal ethics refer to an individual manager's moral principles and values.
  - *Impact:* Managers may behave unethically if their personal ethics are not aligned with ethical business practices.
- **Real-Time Example:**
  - *Scenario:* A manager believes in maximizing profit at any cost.
  - *Result:* This personal belief might lead the manager to engage in unethical practices, such as cutting corners on product quality to reduce costs.

2. Decision-Making Processes:

- **Influence on Managerial Behavior:**
  - *Definition:* Decision-making processes involve the methods managers use to arrive at choices.
  - *Impact:* Unethical decisions may result from flawed decision-making processes, such as biased information gathering or overlooking ethical considerations.
- **Real-Time Example:**
  - *Scenario:* A manager, under time pressure, makes a decision without fully assessing the ethical implications.
  - *Result:* The decision might lead to unethical consequences, like compromising safety standards.

3. Organizational Culture:

- **Influence on Managerial Behavior:**

- *Definition:* Organizational culture encompasses the shared values and norms within a company.
- *Impact:* If an organization's culture tolerates or encourages unethical behavior, managers may conform to these norms.

- **Real-Time Example:**
  - *Scenario:* A company downplays ethical concerns to meet aggressive targets.
  - *Result:* Managers may follow suit, engaging in unethical practices to meet performance expectations.

4. Leadership:

- **Influence on Managerial Behavior:**
  - *Definition:* Leadership sets the tone for ethical behavior through actions, communication, and expectations.
  - *Impact:* Unethical behavior can be influenced by leaders who do not prioritize or model ethical conduct.
- **Real-Time Example:**
  - *Scenario:* A CEO ignores ethical violations among top executives.
  - *Result:* Managers may interpret this as a signal that ethical lapses are tolerated, leading to further unethical behavior.

5. Unrealistic Performance Expectations:

- **Influence on Managerial Behavior:**
  - *Definition:* Unrealistic performance expectations may push managers to resort to unethical means to achieve goals.
  - *Impact:* The pressure to meet or exceed unrealistic targets can lead to shortcuts that compromise ethical standards.
- **Real-Time Example:**
  - *Scenario:* A company sets revenue targets that are unattainable without cutting corners.

- *Result:* Managers may engage in unethical practices, such as inflating financial figures or misrepresenting information, to meet these expectations.


Personal ethics
Decision-making processes
Ethical behavior
Organization culture
Leadership
Unrealistic performance expectations

In summary, the roots of unethical behavior in managerial roles are deeply connected to personal ethics, decision-making processes, organizational culture, leadership, and unrealistic performance expectations. Real-time examples illustrate how these factors can influence managers to engage in actions that may compromise ethical standards.

1. Personal Ethics:

- *Definition:* Business ethics are an extension of personal ethics, which encompass widely accepted principles of right and wrong guiding individual conduct.
- *Pressure Factors:* Managers may face pressures to compromise personal ethics when operating outside their familiar social context and supporting culture. Geographical and psychological distance from the parent company can exacerbate this challenge.

2. Decision-Making Processes:

- *Lack of Ethical Consideration:* Studies indicate that unethical behavior may stem from a failure to incorporate ethical considerations into decision-making.
- *Economic Logic Dominance:* Decisions are often driven solely by economic logic, neglecting ethical dimensions. The absence of explicit ethical questioning can lead to morally questionable choices.

3. Organizational Culture:

- *Culture Impact:* Unethical behavior may prevail in companies with an organizational culture that does not prioritize business ethics.
- *Influence on Decision Making:* The values and standards inherent in a firm's culture significantly shape decision-making processes. A lack of emphasis on ethical values can contribute to the acceptance of unethical actions.

4. Leadership:

- *Leadership Influence:* The ethical behavior of a firm's leaders significantly impacts the conduct of other employees.
- *Actions Speak Louder:* If leaders fail to act ethically, employees may perceive ethical lapses as acceptable. The actions of leaders carry more weight than verbal expressions of ethical standards.

5. Unrealistic Performance Expectations:

- *Pressure Dynamics:* Unrealistic performance goals set by the parent company can create immense pressure on subsidiaries.
- *Ethical Dilemma:* Managers facing unrealistic targets may resort to unethical practices as a means of achieving unattainable performance goals.
- *Root Cause of Unethical Behavior:* The pressure to meet performance targets, coupled with the belief that unethical actions are necessary, can contribute to a culture of unethical behavior.

In summary, the roots of unethical behavior in business involve the interplay of personal ethics, decision-making processes, organizational culture, leadership influence, and the impact of unrealistic performance expectations. Recognizing and addressing these factors is crucial for fostering an ethical business environment.

1. Ethical Behavior:

- *Definition:* Ethical behavior refers to actions and decisions that align with principles of morality and fairness.
- *Law vs. Ethics:* Legal behavior does not automatically equate to ethical behavior, emphasizing the distinction between adherence to laws and ethical considerations.
- *Influence of Personal Values:* Individual ethical behavior is significantly influenced by personal values, which guide decision-making.

2. Personal Values:

- *Types of Values:*
    - *Terminal Values:* Represent long-term life goals and aspirations.
    - *Instrumental Values:* Reflect preferred means of achieving terminal values.
- *Determinants of Ethical Behavior:* Personal values play a pivotal role in shaping an individual's ethical conduct.

3. Utilitarian View of Ethics:

- *Principle:* Ethical actions are determined by their contribution to the greatest good for the greatest number of people.
- *Focus:* Emphasizes the consequences of actions, seeking outcomes that maximize overall well-being.

4. Individualism View of Ethics:

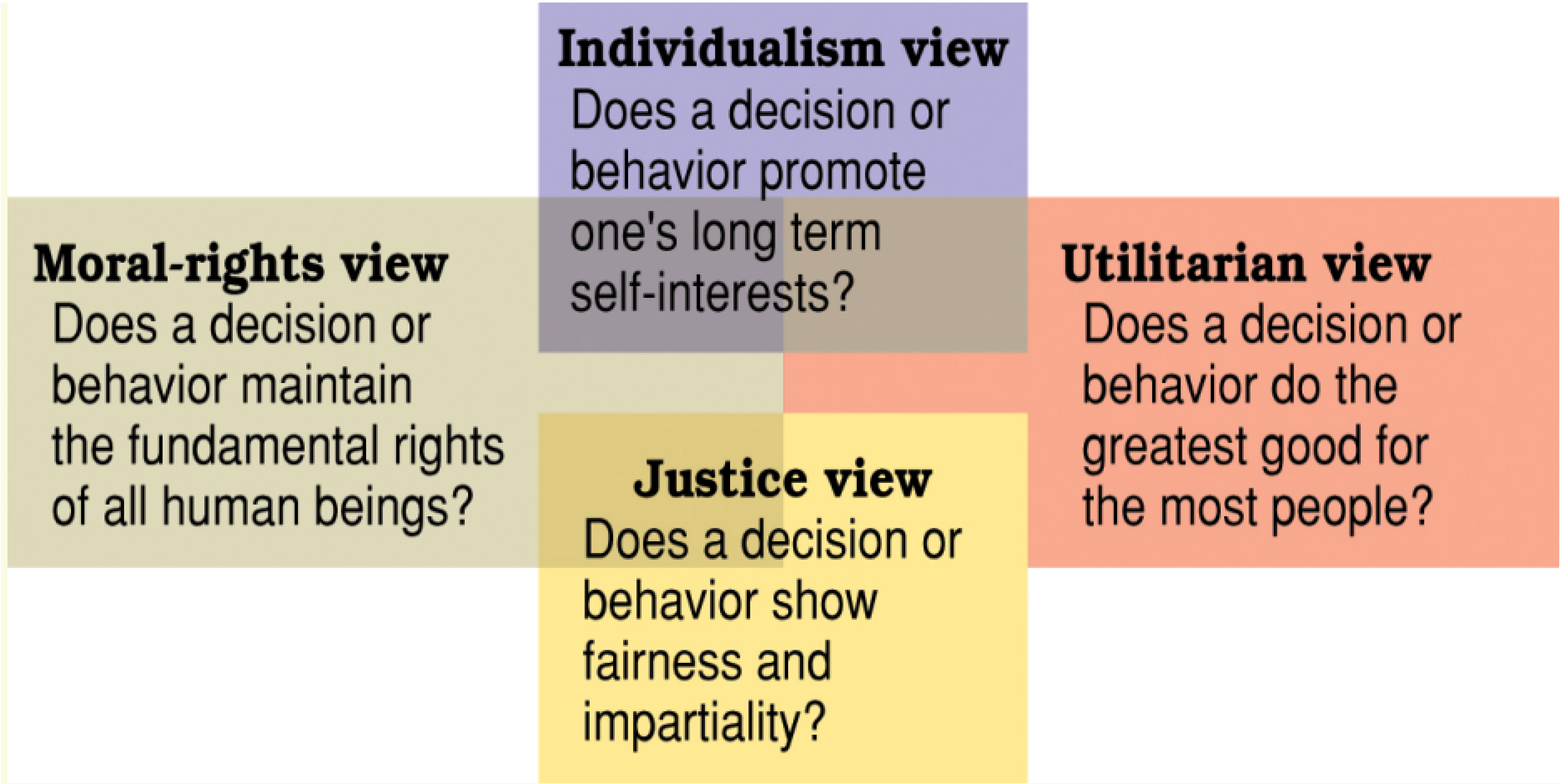
- *Principle:* Primary commitment lies in pursuing one's long-term self-interests.
- *Focus:* Centers on individual autonomy and the pursuit of personal goals, often weighing long-term benefits.

5. Moral-Rights View of Ethics:

- *Principle:* Emphasizes the respect and protection of the fundamental rights of all individuals.
- *Focus:* Recognizes inherent rights and privileges that should be safeguarded, forming the basis for ethical decision-making.

6. Justice View of Ethics:

- *Principle:* Advocates for fair and impartial treatment of people according to legal rules and standards.
- *Focus:* Prioritizes equality, ensuring that individuals are treated justly in accordance with established legal principles.



In summary, ethical behavior involves aligning actions with principles of morality and fairness. Personal values, encompassing terminal and instrumental values, significantly influence individual ethical conduct. Different ethical views, including utilitarianism, individualism, moral-rights, and justice, provide frameworks for evaluating and guiding ethical decisions. Recognizing the distinction between legal compliance and ethical considerations is crucial in understanding and fostering ethical behavior.

Cultural Issues in Ethical Behavior:

1. Cultural Relativism:

- *Definition:* Ethical behavior is context-dependent and determined by cultural norms.
- *Implication:* What is considered ethical can vary across cultures, and actions are evaluated based on the cultural context in which they occur.

2. Cultural Universalism:

- *Definition:* Unacceptable behavior in one's home environment should be deemed unacceptable anywhere else.
- *Implication:* Advocates for applying universal ethical standards irrespective of cultural differences, emphasizing a set of core values applicable globally.

Respecting Core or Universal Values:

- **Respect for Human Dignity:**
  - *Cultural Sensitivity:* Create a corporate culture that values employees, customers, and suppliers, considering cultural nuances.
  - *Safety Emphasis:* Maintain a safe workplace and produce safe products and services, prioritizing the well-being of stakeholders.
- **Respect for Basic Rights:**
  - *Rights Protection:* Safeguard the rights of employees, customers, and communities, avoiding actions that threaten safety, health, education, and living standards.
  - *Avoidance of Harm:* Ensure that organizational practices do not compromise the basic rights and well-being of individuals.
- **Being Good Citizens:**
  - *Social Support:* Support social institutions, including economic and educational systems, contributing positively to the communities in which the business operates.
  - *Environmental Stewardship:* Collaborate with local government and institutions to protect the environment, demonstrating corporate responsibility.

Ethical Dilemmas:

- *Definition:* Ethical dilemmas arise when choices, with potential personal or organizational benefits, may be considered unethical.
- *Examples:* Discrimination, sexual harassment, conflicts of interest, customer confidence, and organizational resource allocation.

Rationalizing Ethical Behavior:

- *Behavior Not Really Illegal:* Rationalizing by convincing oneself that the behavior is not truly against the law.
- *In Everyone's Best Interests:* Believing that the behavior benefits everyone involved.
- *Nobody Will Find Out:* Assuming that the unethical behavior will remain undiscovered.
- *Organization Will Protect You:* Relying on the organization to shield against consequences.

In summary, cultural issues in ethical behavior revolve around cultural relativism and universalism. Respecting core values involves creating a culture that values individuals, protecting basic rights, and being responsible corporate citizens. Ethical dilemmas complicate the workplace, and individuals may rationalize unethical behavior through various justifications. Recognizing and addressing these issues is crucial for promoting a strong ethical foundation in business practices.

Factors Influencing Ethical Behavior:

1. The Person:

- *Family Influences:* Upbringing and family values significantly shape an individual's ethical perspective.
- *Religious Values:* Personal adherence to religious beliefs often guides ethical decision-making.
- *Personal Standards:* Individual moral principles and standards contribute to ethical behavior.
- *Personal Needs:* Personal desires and needs may influence ethical choices.

2. The Organization:

- *Supervisory Behavior:* The conduct of supervisors and managers sets the tone for ethical behavior within the organization.
- *Peer Group Norms and Behavior:* The behavior and norms of colleagues influence an individual's ethical choices.

- *Policy Statements and Written Rules:* Organizational policies and rules provide a framework for ethical conduct.

3. The Environment:

- *Government Laws and Regulations:* Legal requirements dictate permissible behavior, influencing ethical choices.
- *Societal Norms and Values:* The prevailing values and norms of society impact individual and organizational ethics.
- *Competitive Climate in an Industry:* Industry practices and competitiveness may shape ethical decisions within an organization.

Maintaining High Ethical Standards:

Checklist for Dealing with Ethical Dilemmas:

1. *Recognize the Ethical Dilemma:* Acknowledge the presence of an ethical challenge.
2. *Get the Facts:* Gather relevant information to fully understand the situation.
3. *Identify Your Options:* Explore different courses of action.
4. *Test Each Option:* Evaluate options based on legality, morality, and benefits.
5. *Decide Which Option to Follow:* Make a decision on the most ethical course of action.
6. *Double-Check Decision:* Assess the decision using questions like, "Is it legal? Is it right? Is it beneficial?"
7. *Take Action:* Implement the chosen course of action.

Ethics Training:

- *Definition:* Structured programs aiming to enhance understanding of ethical aspects in decision-making.
- *Purpose:* Helps individuals incorporate high ethical standards into their daily lives.
- *Benefits:* Equips individuals to navigate ethical issues under pressure.

In summary, factors influencing ethical behavior include personal aspects, organizational influences, and environmental considerations. Maintaining high ethical standards involves a systematic approach to recognizing, assessing, and addressing ethical dilemmas, supported by ethics training to instill ethical principles in decision-making processes.

Ethics Training:

- *Definition:* Structured programs designed to enhance participants' understanding of ethical aspects in decision-making.
- *Purpose:*
    - Help individuals incorporate high ethical standards into daily life.
    - Assist individuals in dealing with ethical issues, especially under pressure.

Maintaining High Ethical Standards:

Whistleblowers:

- *Role:* Individuals who expose misdeeds of others to:
    - Preserve ethical standards.
    - Protect against wasteful, harmful, or illegal acts.
- *Legal Protection:* Laws protecting whistleblowers vary, influencing the willingness of individuals to come forward.

Barriers to Whistleblowing:

- *Strict Chain of Command:* Hierarchical structures may discourage individuals from reporting misconduct.
- *Strong Work Group Identities:* Loyalty to a tight-knit work group may deter reporting on colleagues.
- *Ambiguous Priorities:* Unclear organizational priorities may hinder the identification and reporting of ethical breaches.

Organizational Methods to Overcome Whistleblowing Barriers:

- *Ethics Staff Units:* Units designated to serve as ethics advocates, providing a channel for reporting.

- *Moral Quality Circles:* Groups focused on ethical considerations and fostering an environment where ethical concerns can be raised and addressed.

Ethical Role Models:

- *Top Managers as Role Models:* Senior managers set the ethical tone for the organization.
- *Influence on Behavior:* All managers can influence the ethical behavior of those who work for and with them.
- *Pressure Dynamics:* Excessive pressure can contribute to fostering unethical behavior.
- *Realistic Goal Setting:* Managers should be realistic in setting performance goals for others, considering the impact on ethical behavior.

In summary, maintaining high ethical standards involves comprehensive training programs, recognizing and protecting whistleblowers, overcoming barriers to reporting, and establishing ethical role models within the organization. Addressing these aspects contributes to fostering an ethical organizational culture.

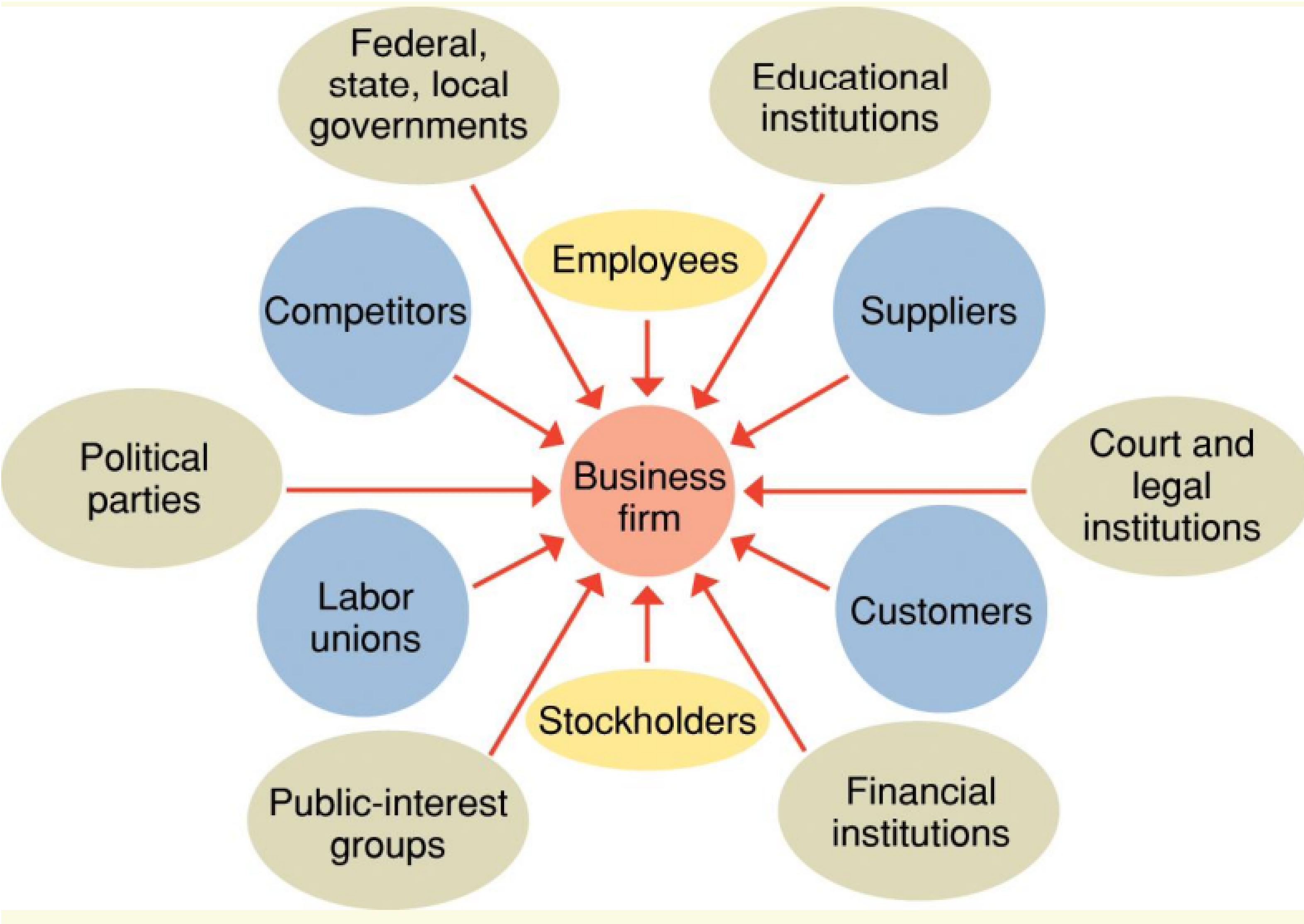
Codes of Ethics:

- *Definition:* Formal statements outlining an organization's values and ethical principles, particularly in situations prone to ethical dilemmas.
- *Areas Covered:*
  - **Bribes and Kickbacks:** Guidelines on issues related to offering or receiving illicit payments.
  - **Political Contributions:** Policies regarding the organization's involvement in political contributions.
  - **Honesty of Books or Records:** Standards on maintaining accurate and honest financial records.
  - **Customer/Supplier Relationships:** Guidelines for ethical conduct in relationships with customers and suppliers.

- **Confidentiality of Corporate Information:** Policies emphasizing the importance of maintaining confidentiality.

Corporate Social Responsibility (CSR):

- *Definition:* Examines ethical issues at the organizational level and mandates organizations to act in ways that benefit both their interests and the broader society.
- *Organizational Stakeholders:*
    - **Definition:** Persons, groups, and other organizations directly affected by the organization's behavior and holding a stake in its performance.
    - **Typical Stakeholders:**
        - *Employees:* Those contributing to the organization's operations.
        - *Customers:* Individuals or entities purchasing goods or services.
        - *Suppliers:* Entities providing goods or services to the organization.
        - *Owners:* Individuals or groups owning the organization.
        - *Competitors:* Other entities in the same industry.
        - *Regulators:* Government bodies overseeing and regulating the industry.
        - *Interest Groups:* Organizations advocating for specific causes or issues.


Federal, state, local governments
Educational institutions
Employees
Competitors
Suppliers
Political parties
Business firm
Court and legal institutions
Labor unions
Customers
Stockholders
Public-interest groups
Financial institutions

In summary, codes of ethics serve as formal guidelines for ethical behavior within organizations, covering various aspects such as bribery, political contributions, and transparency. Corporate social responsibility focuses on ethical considerations at the organizational level, obligating organizations to act in the interest of both themselves and society. Stakeholders, including employees, customers, suppliers, owners, competitors, regulators, and interest groups, are crucial elements in the corporate social responsibility framework.

Beliefs Guiding Socially Responsible Business Practices:

- *People do their Best with Work-Life Balance:* Recognizes the importance of balancing work and family life for individual well-being and optimal performance.
- *Organizations Perform Best in Healthy Communities:* Acknowledges the symbiotic relationship between organizations and the health of the communities in which they operate.
- *Organizations Gain by Respecting the Natural Environment:* Emphasizes the importance of environmentally sustainable practices for the benefit of both organizations and the planet.
- *Organizations Must be Managed and Led for Long-Term Success:* Encourages a focus on sustainable management and leadership practices to ensure long-term success.
- *Organizations Must Protect Their Reputations:* Highlights the significance of maintaining a positive reputation, which is crucial for sustainable business operations.

Perspectives on Corporate Social Responsibility (CSR):

- *Classical View:*
    - *Definition:* Management's sole responsibility is to maximize profits.

- *Socioeconomic View:*
  - *Definition:* Management must extend concerns beyond profits to encompass broader social welfare.

Arguments Against Social Responsibility:

- *Reduced Business Profits:* The belief that engaging in social responsibility initiatives may lead to lower profits.
- *Higher Business Costs:* Concerns that socially responsible practices could increase operational costs.
- *Dilution of Business Purpose:* The idea that diverting resources to social causes may dilute the primary purpose of the business.
- *Too Much Social Power for Business:* Fear that businesses engaging in social responsibility might wield excessive influence.
- *Lack of Public Accountability:* Concerns about the difficulty of holding businesses accountable for their social responsibilities.

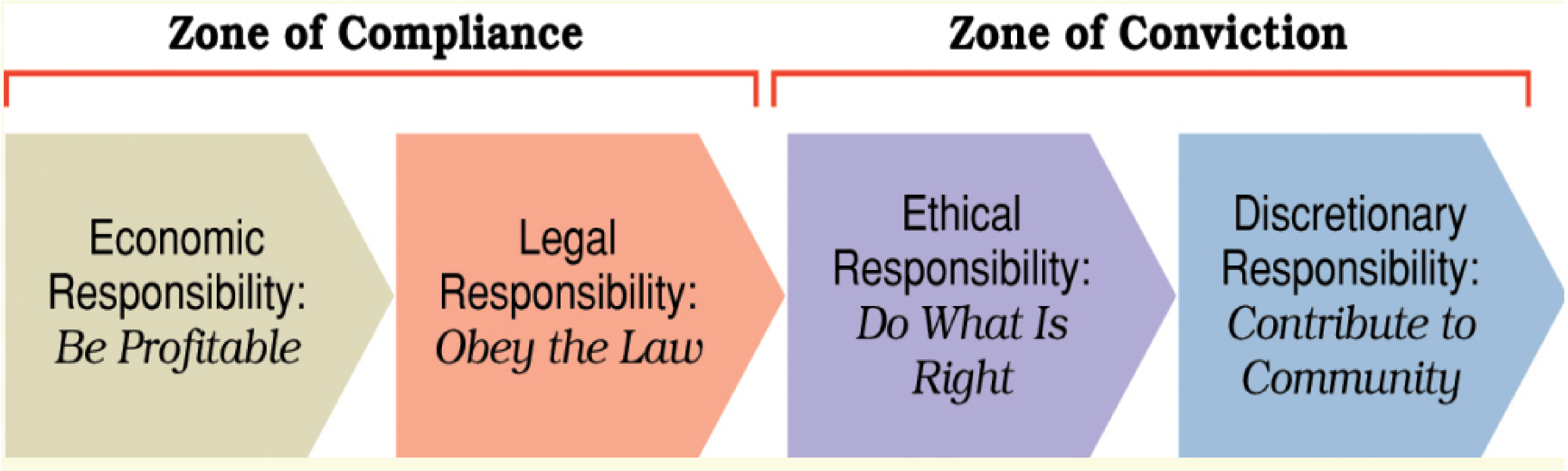
Arguments in Favor of Social Responsibility:

- *Adds Long-Run Profits:* Recognition that socially responsible practices can contribute to long-term profitability.
- *Improved Public Image:* Engaging in socially responsible initiatives enhances the company's public image.
- *Avoids More Government Regulation:* Proactive social responsibility may mitigate the need for additional government regulations.
- *Businesses Have Resources and Ethical Obligations:* Acknowledgment that businesses, as significant entities, have both the resources and ethical obligations to contribute to societal well-being.

Arguments Against CSR	Arguments in Favor of CSR
Reduced Business Profits	Adds Long-Run Profits
Higher Business Costs	Improved Public Image
Dilution of Business Purpose	Avoids More Government Regulation
Too Much Social Power for Business	Businesses Have Resources and Ethical Obligations
Lack of Public Accountability	

This table outlines the contrasting viewpoints on CSR, showcasing the arguments against and in favor of incorporating social responsibility into business practices.

In summary, socially responsible business practices are guided by beliefs emphasizing work-life balance, community health, environmental respect, long-term success, and reputation protection. Perspectives on CSR range from the classical view focusing solely on profits to the socioeconomic view emphasizing broader social welfare. Arguments against CSR include concerns about reduced profits and dilution of business purpose, while arguments in favor highlight long-run profits, improved public image, and fulfilling ethical obligations.



Criteria for Evaluating Corporate Social Performance:

1. **Economic Responsibility:**
    - *Definition:* Refers to the organization's ability to meet its economic obligations and generate profits for its shareholders.
    - *Evaluation:* Assess whether the organization is financially viable, profitable, and contributing to economic growth.
2. **Legal Responsibility:**
    - *Definition:* Involves compliance with laws and regulations at local, national, and international levels.
    - *Evaluation:* Verify that the organization operates within the legal framework, meeting all required standards and regulations.
3. **Ethical Responsibility:**

- *Definition:* Pertains to the organization's commitment to conducting business ethically and morally, going beyond mere compliance with laws.
- *Evaluation:* Examine the ethical dimensions of business practices, including fairness, honesty, and integrity in dealings with various stakeholders.

4. **Discretionary Responsibility:**
   - *Definition:* Involves voluntary actions and contributions by the organization that go beyond legal and ethical requirements.
   - *Evaluation:* Consider whether the organization engages in philanthropy, community development, or environmental initiatives that are not mandated but contribute positively to society.

In summary, the criteria for evaluating corporate social performance encompass economic responsibility (financial viability), legal responsibility (compliance with laws), ethical responsibility (ethical business practices), and discretionary responsibility (voluntary contributions and initiatives that benefit society). These criteria provide a comprehensive framework for assessing an organization's overall social performance beyond financial metrics.

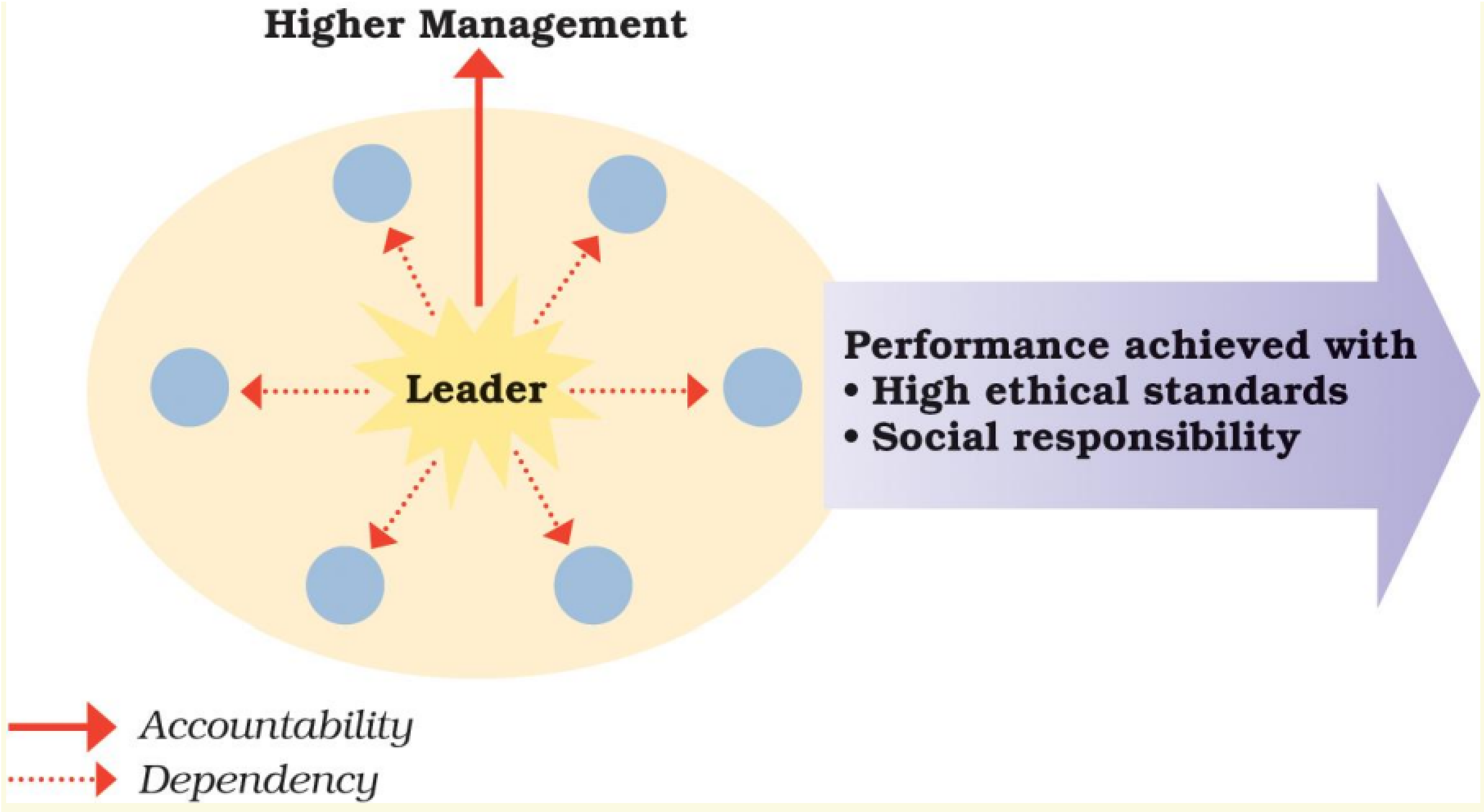
Strategies for Pursuing Social Responsibility:

1. **Obstructionist:**

- *Focus:* Meets only economic responsibilities.
- *Approach:* The organization actively avoids engaging in social responsibility beyond the minimum required to meet economic obligations.
- *Motivation:* Primarily driven by profit maximization with minimal regard for broader social or ethical considerations.

2. **Defensive:**
   - *Focus:* Meets economic and legal responsibilities.
   - *Approach:* The organization operates defensively, taking actions to comply with both economic and legal requirements.
   - *Motivation:* Responds to legal pressures and aims to protect itself against potential legal issues and regulatory challenges.
3. **Accommodative:**
   - *Focus:* Meets economic, legal, and ethical responsibilities.
   - *Approach:* The organization actively seeks to fulfill economic, legal, and ethical obligations.
   - *Motivation:* Recognizes the importance of ethical conduct and strives to meet societal expectations beyond mere legal compliance.
4. **Proactive:**
   - *Focus:* Meets economic, legal, ethical, and discretionary responsibilities.
   - *Approach:* The organization takes a proactive stance, going beyond legal and ethical obligations to engage in voluntary initiatives that benefit society.
   - *Motivation:* Driven by a commitment to social responsibility and a desire to make a positive impact on various stakeholders and the community.

These strategies represent different levels of commitment to social responsibility, ranging from a minimal focus on economic responsibilities (obstructionist) to a comprehensive approach that includes discretionary contributions (proactive). Organizations may adopt strategies based on their values, industry expectations, and a desire to contribute positively to the broader community.



Government Influence on Organizations:

1. **Common Areas of Government Regulation:**

- *Occupational Safety and Health:* Governments may establish regulations to ensure workplaces provide safe and healthy conditions for employees.
- *Fair Labor Practices:* Governments regulate employment practices, such as minimum wage, working hours, and fair treatment of workers.
- *Consumer Protection:* Legislation is enacted to safeguard consumers from unfair business practices, ensuring product safety and accurate information.
- *Environmental Protection:* Governments implement regulations to address environmental concerns, promoting sustainable practices and limiting harmful impacts.

How Organizations Influence Governments:

1. **Personal Contacts and Networks:**
    - *Description:* Organizations may leverage personal connections and networks to influence decision-makers within the government.
    - *Example:* Executives or key personnel establishing relationships with government officials to advocate for the organization's interests.
2. **Public Relations Campaigns:**
    - *Description:* Organizations use public relations campaigns to shape public opinion and garner support for their positions or policies.
    - *Example:* Launching a campaign highlighting the positive impact of the organization on the community to gain public favor.
3. **Lobbying:**
    - *Description:* Organizations engage in lobbying efforts to influence legislative decisions, policies, or regulations.

- *Example:* Hiring lobbyists to advocate for favorable laws or regulations related to the organization's industry.

4. **Political Action Committees (PACs):**
   - *Description:* Organizations may contribute to or establish Political Action Committees to support candidates or political parties aligned with their interests.
   - *Example:* Creating a PAC that financially supports political candidates who advocate for policies beneficial to the organization.
5. **Illegal Acts (Bribery or Illegal Contributions):**
   - *Description:* In some cases, organizations may resort to illegal activities, such as bribery or illegal financial contributions, to gain favorable treatment from government officials.
   - *Example:* Unlawfully offering financial incentives to public officials in exchange for favorable policies or decisions.

In summary, governments influence organizations through regulatory frameworks in areas such as occupational safety, labor practices, consumer protection, and environmental protection. Conversely, organizations influence governments through personal contacts, public relations, lobbying, political action committees, and unfortunately, sometimes through illegal acts like bribery or illegal financial contributions. The dynamic interaction between organizations and governments shapes the regulatory landscape and influences policy decisions.

Corporate Governance:

- *Definition:* Corporate governance refers to the oversight of the top management of an organization by a board of directors.

Corporate Governance Involves:

1. **Hiring, Firing, and Compensating the CEO:**

- *Responsibility:* The board of directors is involved in the selection, termination, and compensation of the Chief Executive Officer (CEO).
- *Rationale:* Ensures that the CEO's leadership aligns with the organization's goals and values.

2. **Assessing Strategy:**
   - *Responsibility:* The board evaluates and assesses the strategic direction set by the management.
   - *Rationale:* Ensures that the organization's strategy is aligned with its long-term objectives and sustainability.
3. **Verifying Financial Records:**
   - *Responsibility:* The board is responsible for verifying the accuracy and integrity of financial records.
   - *Rationale:* Ensures transparency, accountability, and compliance with financial regulations.

Corporate governance is a crucial aspect of organizational management, providing a system of checks and balances to safeguard the interests of shareholders, stakeholders, and the organization as a whole. The board of directors plays a pivotal role in ensuring ethical conduct, effective leadership, and the long-term success of the organization.

E-Commerce

Major Timelines in E-commerce

1994: Amazon (Retailer)

- **Innovation:** Founded as an online bookstore, Amazon pioneered e-commerce by allowing customers to purchase books online.

- **Business Model:** Expanded into a one-stop online marketplace, diversifying into various product categories. Introduced innovations like one-click purchasing and Amazon Prime.

1995 (March): Yahoo! (yahoo.com)

- **Innovation:** Launched as a web directory, Yahoo! was an early internet portal providing a curated collection of website listings.
- **Business Model:** Evolved into a comprehensive internet portal offering services like search, email, news, and web hosting. Became a key player in the dot-com era.

1995 (September): eBay (Online Auction)

- **Innovation:** Introduced the concept of online auctions, allowing users to buy and sell items in a dynamic bidding environment.
- **Business Model:** Connected buyers and sellers globally, facilitating a wide range of transactions. eBay became a pioneer in the online marketplace model.

1995 (December): AltaVista (altavista.com)

- **Innovation:** One of the earliest web search engines, providing a comprehensive platform for internet search.
- **Business Model:** Focused on delivering accurate search results, AltaVista played a crucial role in the early days of the internet as a reliable search engine.

1996: Hotmail (Web-Based Email)

- **Innovation:** Pioneered web-based email services, enabling users to access their emails from any internet-connected device.
- **Business Model:** Utilized viral marketing through email signatures, spreading the service rapidly. Acquired by Microsoft in 1997 and integrated into the MSN platform.

1998: GoTo.com (Pay-Per-Click Search Marketing)

- **Innovation:** Introduced the concept of pay-per-click advertising, allowing advertisers to bid on keywords for placement in search results.
- **Business Model:** Monetized search results and laid the foundation for modern search engine advertising. Acquired by Yahoo! in 2003 and rebranded as Overture.

1998: Google (Search Engine)

- **Innovation:** Revolutionized internet search with an algorithmic approach, providing highly relevant and accurate search results.
- **Business Model:** Initially focused on search, Google expanded into advertising with AdWords. Became synonymous with internet search and evolved into a technology giant.

1999: Blogger (Blog Publishing Platform)

- **Innovation:** Introduced a user-friendly platform for creating and publishing blogs, democratizing online content creation.
- **Business Model:** Acquired by Google in 2003, Blogger became a popular tool for individuals and businesses to share information, opinions, and updates.

1999: Alibaba (B2B Marketplace)

- **Innovation:** Established as a business-to-business (B2B) online marketplace, connecting manufacturers and suppliers globally.
- **Business Model:** Conducted a significant IPO on the Hong Kong stock exchange in 2007. Expanded into various e-commerce services, including AliExpress and Taobao, becoming a major player in the global e-commerce landscape.

1999: MySpace (Social Network)

- **Innovation:** Introduced as a social networking platform, MySpace allowed users to create personal profiles, connect with friends, and share content.

- **Business Model:** Acquired by News Corp in 2005, MySpace became a cultural phenomenon in the mid-2000s before facing challenges from competitors like Facebook.

2001: Wikipedia (Open Encyclopedia)

- **Innovation:** Wikipedia pioneered collaborative content creation, allowing users worldwide to contribute and edit articles.
- **Business Model:** Operates as a non-profit organization, relying on donations. Wikipedia became a go-to source for free, accessible knowledge.

2002: Last.fm (Internet Radio and Music Community)

- **Innovation:** Combining internet radio with a music community, Last.fm provided personalized music recommendations based on user preferences.
- **Business Model:** Acquired by CBS Interactive in 2007, Last.fm expanded its music services, demonstrating the potential for combining social interaction with media consumption.

2003: Skype (Peer-to-Peer Internet Telephony - VoIP)

- **Innovation:** Introduced Voice over Internet Protocol (VoIP) technology, enabling users to make voice and video calls over the internet.
- **Business Model:** Purchased by eBay in 2005, Skype revolutionized long-distance communication and collaboration.

2003: Second Life (Immersive Virtual World)

- **Innovation:** Created an immersive virtual world where users could interact, create content, and engage in various activities.
- **Business Model:** Demonstrated the potential of virtual worlds for socializing, commerce, and entertainment.

2004: Facebook (Social Network with Applications and Groups)

- **Innovation:** Launched as a college social networking platform, Facebook expanded to include applications, groups, and diverse features.
- **Business Model:** Became a global social media giant, offering advertising services. Facebook transformed communication and social interactions.

2005: YouTube (Video Sharing and Rating)

- **Innovation:** Introduced a platform for sharing and viewing user-generated videos, transforming online video consumption.
- **Business Model:** Acquired by Google in 2006, YouTube became a dominant force in online video content creation and distribution.

2007: Joost (Quality Video Broadcast Service - IPTV)

- **Innovation:** Provided a platform for quality video broadcasting over the internet using Internet Protocol TV (IPTV).
- **Business Model:** Showcased the potential for high-quality internet-based television services. Joost, although facing challenges, contributed to advancements in online video streaming.

The Future (??):

- The future of innovation in the technology and internet space remains open-ended. Anticipated trends might include advancements in artificial intelligence, augmented reality, virtual reality, and new modes of communication and collaboration. Keep an eye on emerging technologies and evolving business models that shape the digital landscape.

The passage highlights the dynamic and ever-evolving nature of the e-business and e-commerce landscape, emphasizing the continuous stream of opportunities and challenges driven by innovation. Let's break down the key points and address the questions:

1. **Continuous Innovation:**
   - The author expresses excitement about the e-business and e-commerce field, emphasizing the constant emergence of new opportunities and challenges due to the introduction of technologies, business models, and communication approaches.
2. **Google's Relentless Innovation:**
   - Google serves as an example of relentless innovation, evolving significantly since its launch in 1998. The company has expanded its services, including web search, webmail, pay-per-click advertising, analytics, and social networks.
3. **Transformation by E-Business Start-Ups:**
   - The passage prompts a consideration of e-business start-ups that have transformed the way people work, live, and play since Google's launch in 1998.
4. **Google's Innovation in Search and Business Table:**
   - The passage raises a specific question about how Google has innovated in search and its business table. This likely refers to Google's search engine capabilities and its broader business strategies.
5. **Major Innovators in E-Business:**
   - The reader is encouraged to refer to Table 1.1 for examples of major innovators in the e-business and e-commerce space.
6. **Andy Grove's Analogy:**
   - Andy Grove, Chairman of Intel, is quoted using a meteorological analogy to describe the impact of the Internet. He poses a question about whether the Internet is a force akin to a typhoon, a significant force, or merely a bit of wind. The analogy suggests the potential transformative power of the Internet on businesses.

In summary, the passage highlights the fast-paced and transformative nature of the e-business and e-commerce domain, with Google serving as a prime example of a company that continually innovates. The mention of other major innovators and the analogy by Andy Grove add depth to the exploration of the Internet's impact on business.

E-Business Opportunities:

1. **Reach:**
   - *Description:* E-business offers a global reach, with access to over 1 billion users worldwide.
   - *Example:* Businesses can connect with millions of potential customers and tap into diverse markets.
2. **Richness:**
   - *Description:* E-business platforms provide rich content, including detailed product information on over 20 billion pages indexed by Google. This includes various media such as blogs, videos, and feeds.
   - *Example:* Businesses can enhance the customer experience by offering a wealth of information and multimedia content.
3. **Personalization:**
   - *Description:* E-business enables personalized messages for users, tailoring the online experience to individual preferences.
   - *Example:* Targeted advertising, recommendations, and customized content based on user behavior.
4. **Affiliation:**
   - *Description:* Partnerships are crucial in the networked economy, fostering collaboration and mutual benefits.
   - *Example:* Businesses can form strategic alliances with other entities, such as suppliers, distributors, or complementary service providers.

Internet Risks – What Can Go Wrong with a Transactional Site:

1. **False Orders Made by Customers:**
   - *Risk:* Potential for fraudulent or false orders made by customers.
   - *Mitigation:* Implement robust order verification processes and security measures.
2. **Incorrectly Input Orders:**
   - *Risk:* Orders may be input incorrectly, leading to fulfillment challenges.
   - *Mitigation:* Utilize user-friendly interfaces, implement order confirmation mechanisms, and provide customer support.
3. **Insufficient Security:**
   - *Risk:* Inadequate security measures may expose sensitive customer information to unauthorized access.
   - *Mitigation:* Invest in robust cybersecurity measures, encryption, and secure payment gateways.
4. **Reluctance to Share Banking Details:**
   - *Risk:* Customers may be hesitant to share banking details online.
   - *Mitigation:* Build trust through secure and transparent online transactions. Clearly communicate security measures.
5. **After Sales Service Challenges:**
   - *Risk:* Organizing after-sales service may be challenging, especially considering store locations and postage issues.
   - *Mitigation:* Implement effective customer support systems, clear return policies, and efficient logistics solutions.

In summary, e-business opportunities include global reach, rich content, personalization, and strategic affiliations. However, it's essential to be aware of potential risks in transactional sites, such as false orders, input errors, security issues, customer hesitancy, and challenges in after-sales service. Mitigating these risks requires a combination of technology, policies, and customer-centric practices.

E-commerce and E-business Distinction:

E-commerce:

- **Definition:** Electronic commerce (e-commerce) encompasses all electronically mediated information exchanges between an organization and its external stakeholders.
- **Perspectives on E-commerce:**
  1. **Communications Perspective:**
     - *Definition:* Involves the delivery of information, products, services, or payment through electronic means.
     - *Example:* Online platforms for information dissemination, product catalogs, and payment gateways.
  2. **Business Process Perspective:**
     - *Definition:* Involves the application of technology to automate business transactions and workflows.
     - *Example:* Implementing e-commerce systems for order processing, inventory management, and supply chain automation.
  3. **Service Perspective:**
     - *Definition:* Enables cost-cutting while increasing the speed and quality of service delivery.
     - *Example:* Implementing online customer service platforms, chatbots, or automated support systems.
  4. **Online Perspective:**
     - *Definition:* Encompasses the buying and selling of products and information online.

- *Example:* Online retail platforms, e-marketplaces, and digital storefronts.

E-business:

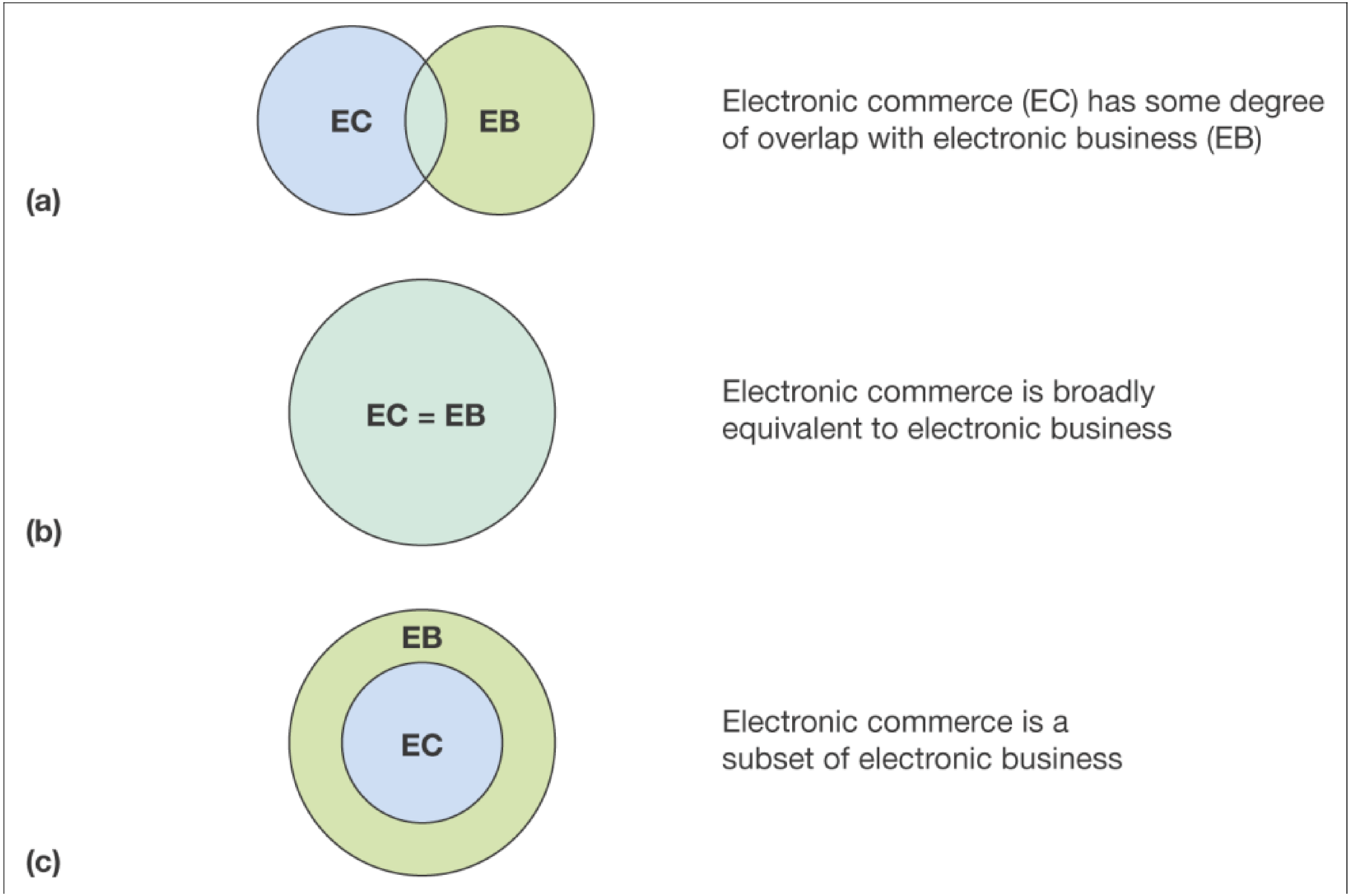
- **Definition:** E-business is a broader concept that goes beyond transactions and includes the overall use of electronic technologies to transform business processes and create new value propositions.
- **Key Aspects of E-business:**

1. **End-to-End Business Processes:**
    - *Definition:* Involves the digital transformation of entire business processes from end to end.
    - *Example:* Implementing integrated systems for procurement, production, distribution, and customer relationship management.
2. **Value Chain Integration:**
    - *Definition:* Involves integrating various elements of the value chain using electronic technologies.
    - *Example:* Collaborative platforms connecting suppliers, manufacturers, distributors, and retailers.
3. **Strategic Use of Technology:**
    - *Definition:* Involves strategically leveraging technology to gain a competitive advantage.
    - *Example:* Developing data analytics capabilities to make informed business decisions.
4. **Holistic Approach to Digital Transformation:**
    - *Definition:* Encompasses a comprehensive, holistic approach to digitally transform the entire business.
    - *Example:* Adopting emerging technologies like artificial intelligence, machine learning, and the Internet of Things for business optimization.

Key Distinctions:

- E-commerce is a subset of e-business that specifically deals with online transactions, while e-business encompasses a broader spectrum of digital transformation across the entire business.
- E-commerce often focuses on buying and selling goods and services online, while e-business extends to transforming business processes, integrating the value chain, and strategically leveraging technology for overall business enhancement.

In summary, while e-commerce refers to online transactions, e-business encompasses a broader and more strategic use of electronic technologies to transform business processes and create value across the entire organization.


EC
EB
Electronic commerce (EC) has some degree of overlap with electronic business (EB)
(a)
EC = EB
Electronic commerce is broadly equivalent to electronic business
(b)
EB
EC
Electronic commerce is a subset of electronic business
(c)

E-Business:

Definition:

- Electronic business (e-business) encompasses all electronically mediated information exchanges, both within an organization and with external stakeholders, supporting a range of business processes.

Buy-Side E-Commerce and Sell-Side E-Commerce:

- **Buy-Side E-Commerce:**
    - *Definition:* E-commerce transactions occur between a purchasing organization and its suppliers.
    - *Example:* A company ordering raw materials or goods from its suppliers through an online platform.
- **Sell-Side E-Commerce:**
    - *Definition:* E-commerce transactions take place between a supplier organization and its customers.
    - *Example:* An online retail platform where customers purchase products directly from a supplier.

Overlap Between E-Commerce and E-Business:

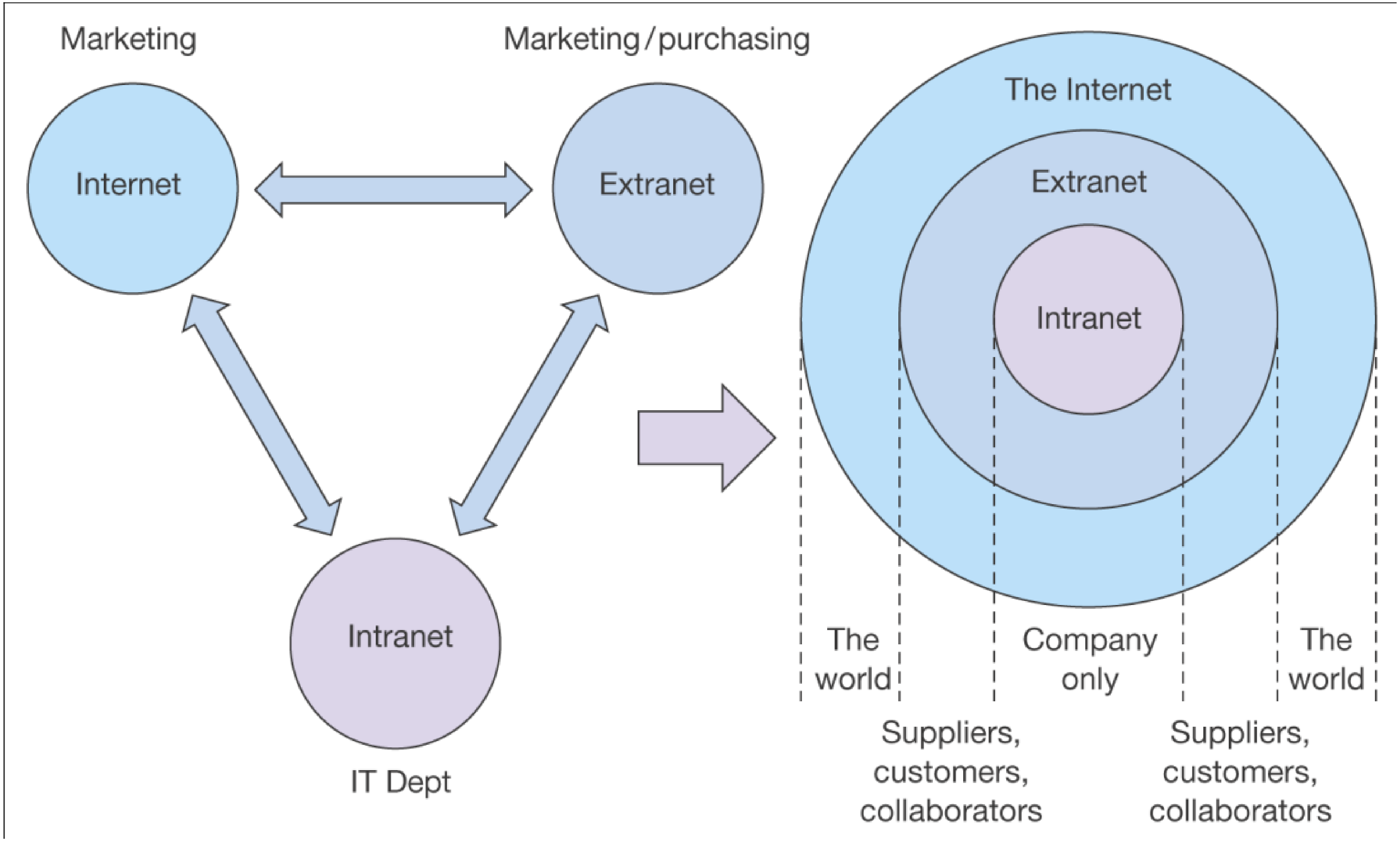
- **Figure 1.3(a):**
    - *Observation:* Indicates a relatively small overlap between e-commerce and e-business.
    - *Rejection:* Rejected based on the significant overlap observed in Figure 1.2.
- **Figure 1.3(b):**
    - *Observation:* Suggests a more realistic perspective, with many commentators considering e-business and e-commerce to be synonymous.

    - *Valid Interpretation:* Acknowledged as equally valid, reflecting the understanding that both terms are often used interchangeably.
- **Figure 1.3(c):**
    - *Observation:* Argues that e-commerce is a subset of e-business, excluding certain transactions like processing a purchasing order that are part of e-business.
    - *Chosen Perspective:* Adopts the perspective that e-commerce is a subset of e-business.

Conclusion:

- The chosen perspective in Figure 1.3(c) considers e-commerce as a subset of e-business, emphasizing that e-commerce does not cover all transactions within a business, such as internal processes like processing a purchase order.
- Acknowledging the validity of Figure 1.3(b), the key importance is that managers involved in implementing e-commerce or e-business agree on the scope of their objectives within a given company.

In summary, while there are different interpretations of the relationship between e-commerce and e-business, the perspective chosen in this context is that e-commerce is a subset of e-business, emphasizing a more comprehensive view of electronically mediated information exchanges within and outside an organization.


Marketing
Marketing / purchasing
Internet
Extranet
Intranet
IT Dept
The Internet
Extranet
Intranet
The world
Company only
The world
Suppliers, customers, collaborators
Suppliers, customers, collaborators

Intranet and Extranet:

Intranet:

- **Definition:** An intranet is a private network within a single company that utilizes Internet standards to enable employees to access and share information using web publishing technology.
- **Key Characteristics:**
  - *Private Network:* Restricted to internal use within a company.
  - *Internet Standards:* Utilizes standards commonly used on the Internet.
  - *Web Publishing Technology:* Allows for the creation and sharing of information through web-based platforms.
- **Example Scenario:**
  - *Information Restriction:* Information is confined to employees within the organization.
- **Benefits of Intranet (Survey Results):**
  1. Improved information sharing (customer service), 97%
  2. Enhanced communications and information sharing (communications), 95%
  3. Increased consistency of information (customer service), 94%
  4. Increased accuracy of information (customer service), 93%
  5. Reduced or eliminated processing, 93%
  6. Easier organizational publishing, 92%
- **Observation:**

    - The benefits highlighted in the survey emphasize the importance of information quality management for successful intranet use.

Extranet:

- **Definition:** An extranet is a service provided through Internet and web technology, extending an intranet beyond a company to include customers, suppliers, and collaborators.
- **Key Characteristics:**
    - *Service Beyond Company:* Extends beyond the company's internal network.
    - *Internet and Web Technology:* Utilizes Internet and web-based technologies for information exchange.
- **Example Scenario:**
    - *Extended Access:* Customers, suppliers, and collaborators can access specified information or services.

Example in the Banking Industry:

- *Case Example:* First Direct, an online bank part of the HSBC group, showcases innovative approaches in First Direct Interactive.
- *Multichannel Communication:* Utilizes various technologies like web, mobile banking, SMS alerts, wireless, interactive TV, and traditional channels.
- *Integration of Traditional and Digital Channels:* Uses SMS short codes for direct responses from TV or print advertising and periodic SMS delivery of relevant product offers.

Conclusion:

- Intranets are internal networks within a company, focused on enhancing information sharing and communication among employees.
- Extranets extend the intranet's capabilities beyond the company, facilitating collaboration with external stakeholders such as customers, suppliers, and collaborators.
- The example of First Direct in the banking industry illustrates the potential of utilizing various technologies to communicate with customers based on their preferences.

Continuation: Evolution of Digital and Web Technologies

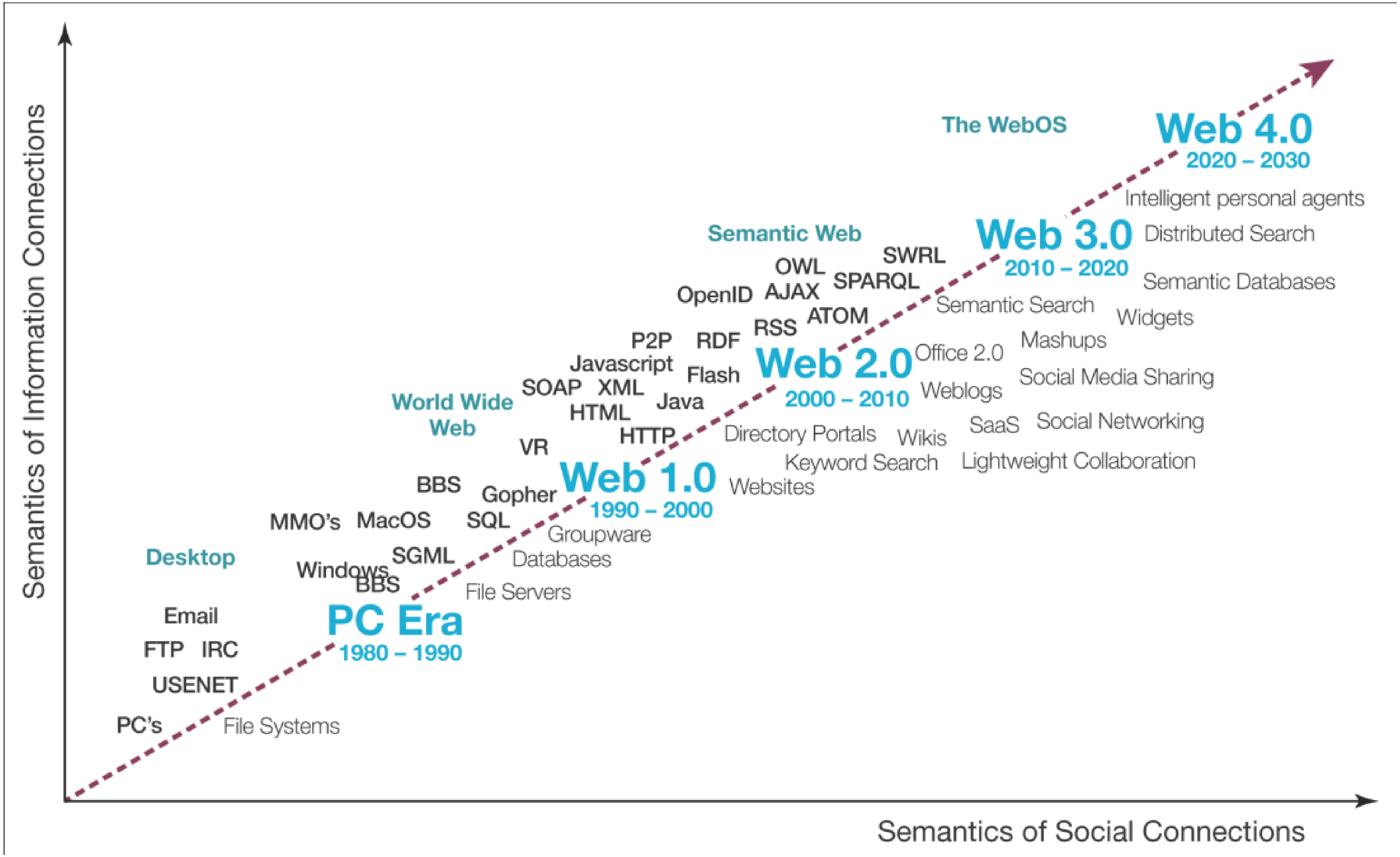
Evolution to Web 3.0:

- With the widespread application of the Web 2.0 concept, there's a natural progression towards Web 3.0, although the term hasn't been widely adopted to date. Emerging trends that could be considered as aspects of 'Web 3.0' include:

1. **Web Applications and Cloud Computing:**
    - *Definition:* Increased usage of web-based applications and services, often referred to as 'cloud computing.' This approach involves performing various activities using a computer with a web browser, with a decreased reliance on locally installed software applications.
    - *Example:* Google word processor and spreadsheets, where users can perform document and spreadsheet tasks through a web browser.
2. **Syndication:**
    - *Definition:* Increased incorporation of syndicated content and services from other sites or networks into a website. This involves using tools such as Yahoo! Pipes and XML exchange between widgets.

- *Example:* Websites integrating content feeds from various sources to provide users with a more diverse and dynamic experience.

3. **Streamed Video or IPTV:**
   - *Definition:* The increased use of streamed video from existing TV providers and user-generated content. This is evident in the popularity of platforms like YouTube and IPTV services such as Joost.
   - *Example:* Users accessing video content in real-time over the internet, whether from traditional TV providers or user-uploaded content.
4. **Virtual Worlds:**
   - *Definition:* Increased use of immersive virtual environments, as seen in platforms like Second Life.
   - *Example:* Users engaging in social interactions, commerce, and entertainment within a digital, simulated world.
5. **Personal Data Integration:**
   - *Definition:* Increased exchange of data between social networks that fulfill different needs. This is exemplified by recent developments like Google's OpenSocial.
   - *Example:* Users sharing and integrating their data across multiple social networks, enhancing connectivity and user experience.
6. **Semantic Web:**
   - *Definition:* Increased use of semantic markup, contributing to the realization of the semantic web envisioned by Tim Berners-Lee over 10 years ago.
   - *Example:* Websites incorporating semantic markup to enhance the understanding of content by machines, enabling more intelligent data processing and interpretation.


Semantics of Information Connections
Semantics of Social Connections
The WebOS
Web 4.0
2020 – 2030
Intelligent personal agents
Semantic Web
Web 3.0
2010 – 2020
Distributed Search
SWRL
OWL
SPARQL
OpenID
AJAX
Semantic Databases
Semantic Search
Widgets
RSS
ATOM
P2P
RDF
Mashups
Javascript
Flash
Web 2.0
2000 – 2010
Office 2.0
Social Media Sharing
SOAP
XML
Weblogs
World Wide Web
HTML
Java
SaaS
Social Networking
HTTP
Directory Portals
Wikis
VR
Keyword Search
Lightweight Collaboration
Web 1.0
1990 – 2000
Websites
BBS
Gopher
MMO's
MacOS
SQL
Groupware
Desktop
SGML
Databases
Windows
BBS
File Servers
Email
PC Era
1980 – 1990
FTP
IRC
USENET
PC's
File Systems

Conclusion:

- As web functionality evolves, these emerging trends collectively contribute to what could be perceived as aspects of 'Web 3.0.' The integration of advanced technologies and concepts aims to further enhance user experiences, connectivity, and the overall capabilities of the internet and digital platforms.

E-commerce Transaction Types: B2C, B2B, C2C, C2B, E2E

1. Business-to-Consumer (B2C):

- **Definition:** E-commerce transactions where businesses sell products or services directly to consumers.
- **Example Companies:**
    - Amazon: Sells various products directly to individual consumers.
    - Apple: Sells electronic devices and digital content to end-users.

2. Business-to-Business (B2B):

- **Definition:** E-commerce transactions between businesses, involving the exchange of products or services.
- **Example Companies:**
    - Dell: Supplies computers and technology solutions to other businesses.
    - Alibaba: Facilitates transactions between businesses, especially in the wholesale market.

3. Consumer-to-Consumer (C2C):

- **Definition:** E-commerce transactions where consumers directly sell products or services to other consumers.
- **Example Platforms:**

- eBay: Allows individuals to buy and sell products to each other.
- Airbnb: Enables individuals to rent accommodations from other individuals.

4. Consumer-to-Business (C2B):

- **Definition:** E-commerce transactions where consumers initiate transactions with businesses, offering products or services.
- **Example Scenarios:**
  - Crowdsourcing Platforms: Individuals offer services or solutions to businesses.
  - Freelance Marketplaces: Individuals offer their skills or expertise to businesses.

5. Employee-to-Employee (E2E):

- **Definition:** E-commerce transactions occurring within an organization where employees engage in exchanges.
- **Example Scenario:**
  - Intranet Usage: Employees utilizing an organization's intranet for internal transactions, collaboration, or sharing information.

6. Government and Public Services:

- **Definition:** E-commerce transactions involving government or public services delivered online.
- **Example Scenarios:**
  - Online Government Services: Government agencies providing services such as tax filing, permit applications, or official document requests online.
  - Public Health Platforms: Online portals for citizens to access health-related services.

Conclusion:

- The classification of e-commerce transactions into B2C, B2B, C2C, C2B, E2E, and government/public services helps categorize the diverse interactions facilitated by electronic commerce.
- Many companies may operate in multiple spheres, adapting their online presence to cater to different transaction types and audiences.

From: Supplier of content/service

To: Consumer of content/service	*Consumer or citizen*	*Business (organization)*	*Government*
Consumer or citizen	**Consumer-to-Consumer (C2C)** • eBay • Peer-to-Peer (Skype) • Blogs and communities • Product recommendations • Social networks: MySpace, Bebo	**Business-to-Consumer (B2C)** • Transactional: Amazon • Relationship-building: BP • Brand-building: Unilever • Media owner – News Corp • Comparison intermediary: Kelkoo, Pricerunner	**Government-to-Consumer (G2C)** • National government transactional: Tax – inland revenue • National government information • Local government services
Business (organization)	**Consumer-to-Business (C2B)** • Priceline • Consumer-feedback, communities or campaigns	**Business-to-Business (B2B)** • Transactional: Euroffice • Relationship-building: BP • Media Owned: Emap business publications • B2B marketplaces: EC21	**Government-to-Business (G2B)** • Government services and transactions: tax • Legal regulations
Government	**Consumer-to-Government (C2G)** • Feedback to government through pressure group or individual sites	**Business-to-Government (B2G)** • Feedback to government businesses and non-governmental organizations	**Government-to-Government (G2G)** • Inter-government services • Exchange of information

Drivers to Adoption of Sell-Side E-commerce by Business:

1. **Increasing Speed of Supply Acquisition:**
    - *Marketing Benefits:* Emphasize how adopting sell-side e-commerce streamlines the procurement process, allowing businesses to acquire supplies rapidly, leading to improved operational efficiency and timely order fulfillment.
2. **Increasing Speed of Goods Dispatch:**
    - *Marketing Benefits:* Highlight the efficiency gains in the dispatch process, ensuring faster delivery to customers. This can result in higher customer satisfaction, repeat business, and a competitive edge.
3. **Reduced Sales and Purchasing Costs:**
    - *Marketing Benefits:* Showcase the cost-saving advantages of sell-side e-commerce, including reduced expenses related to traditional sales and purchasing methods. Illustrate how this can contribute to higher profit margins.
4. **Reduced Operating Costs:**
    - *Marketing Benefits:* Emphasize how adopting sell-side e-commerce leads to streamlined operations, reducing overall operating costs. Businesses can allocate resources more efficiently, contributing to increased profitability.
5. **Customer Demand:**
    - *Marketing Benefits:* Align the adoption of sell-side e-commerce with meeting customer expectations. Highlight the growing preference among consumers for online purchasing, ensuring businesses remain competitive and customer-centric.
6. **Improving Range and Quality of Services:**
    - *Marketing Benefits:* Showcase how sell-side e-commerce allows businesses to expand their product or service offerings. Illustrate the improved quality of services through features such as real-time updates, personalized experiences, and efficient order tracking.

7. **Avoiding Market Share Loss:**
    - *Marketing Benefits:* Stress the urgency of adopting sell-side e-commerce to stay ahead of competitors. Illustrate case studies or examples of businesses losing market share to those leveraging e-commerce technologies.

Barriers to Adoption of Sell-Side E-commerce by Business:

1. **Concerns about Security and Privacy:**
    - *Stressing Benefits:* Highlight the robust security measures and privacy features integrated into the e-commerce platform. Emphasize how these measures ensure secure transactions and protect sensitive customer data.
2. **Lack of Technological Expertise:**
    - *Stressing Benefits:* Offer training programs or partnerships with tech support services to address the technological learning curve. Emphasize how overcoming this barrier leads to enhanced efficiency and competitiveness.
3. **Initial Implementation Costs:**
    - *Stressing Benefits:* Illustrate the long-term cost savings and return on investment (ROI) associated with sell-side e-commerce. Showcasing success stories of businesses recouping initial investments can alleviate concerns.
4. **Resistance to Change:**
    - *Stressing Benefits:* Highlight how adopting sell-side e-commerce brings positive changes, such as improved efficiency, expanded market reach, and increased customer satisfaction. Emphasize that embracing change is necessary for sustained growth.
5. **Integration with Existing Systems:**
    - *Stressing Benefits:* Showcase the flexibility and compatibility of e-commerce platforms, ensuring seamless integration with existing business systems. Illustrate how this leads to improved workflow and data management.

6. **Perceived Complexity:**
    - *Stressing Benefits:* Provide user-friendly interfaces and offer training sessions to demystify the perceived complexity. Illustrate how using sell-side e-commerce platforms is intuitive and results in time-saving benefits.

Conclusion:

- By addressing and reinforcing the benefits associated with both the drivers and barriers, businesses can make informed decisions about adopting sell-side e-commerce, leading to enhanced efficiency, competitiveness, and customer satisfaction.

Usage of Different E-business Services in European Countries:

E-business services have seen varying degrees of adoption across European countries, influenced by factors such as technological infrastructure, digital literacy, and regulatory environment. Here are some examples of e-business services and their usage in European countries:

1. **Online Retail:**
    - Countries like the United Kingdom, Germany, and France have high adoption rates of online retail services. E-commerce platforms like Amazon, Zalando, and ASOS are widely used.
2. **Digital Banking:**
    - Nordic countries such as Sweden and Norway are at the forefront of digital banking adoption. Online banking services provided by institutions like Swedbank and Nordea are extensively utilized.
3. **E-government Services:**
    - Estonia is recognized for its advanced e-government services. Citizens can access government services online, including digital signatures and e-residency programs.

4. **Digital Health Services:**
   - Telemedicine and digital health services are gaining traction in countries like the Netherlands and Denmark. Remote healthcare consultations and digital prescriptions are becoming more common.
5. **E-learning Platforms:**
   - The use of e-learning platforms is widespread in countries such as Finland and the Netherlands. Online education services, including platforms like EdX and Coursera, are popular among students and professionals.
6. **Digital Payment Systems:**
   - Scandinavian countries, including Sweden and Denmark, have widely adopted digital payment systems. Mobile payment solutions like Swish and MobilePay are commonly used.

Examples of Poor Online Customer Experience:

1. **Website Failures After TV Advertising:**
   - Instances of websites crashing due to a surge in traffic post-TV advertising campaigns have been observed, leading to poor customer experience and lost opportunities.
2. **Security Breaches and Data Theft:**
   - Cases of hackers penetrating systems and stealing sensitive information, such as credit card details, have raised concerns about online security, impacting customer trust.
3. **Unsolicited Email Communication:**
   - Companies engaging in unsolicited email campaigns without customer consent risk annoying customers and violating privacy and data protection laws, leading to a negative online experience.

4. **Fulfillment Issues:**
    - Problems with the fulfillment of online orders, including missing or delayed deliveries, can result in customer dissatisfaction, and such experiences may deter customers from returning.
5. **Ineffective Customer Service:**
    - Instances where customer-service inquiries from the website fail to reach the right personnel or are ignored contribute to a poor online customer experience, affecting customer satisfaction.

Conclusion:
Addressing these challenges and ensuring a positive online customer experience is crucial for fostering greater adoption of e-business services across European countries. Overcoming issues related to website performance, security, privacy, fulfillment, and customer service is essential for building trust and encouraging widespread use of digital services.

Barriers to Development of Online Technologies:

The development of online technologies, particularly in the realm of B2B e-commerce, faces various barriers that impact adoption and implementation. A DTI (Department of Trade and Industry) study in 2002 identified key barriers, emphasizing the significance of cost considerations. The barriers include:

1. **Cost Factors:**
    - High initial investment costs and ongoing expenses associated with technology implementation were identified as significant barriers. Cost considerations encompass both tangible and intangible aspects.
2. **Lack of Awareness and Understanding:**

- A lack of awareness and understanding regarding the potential benefits of e-business solutions can hinder adoption. Educating stakeholders about the advantages is crucial.

3. **Security Concerns:**

   - Security issues, including concerns about the safety of transactions and the protection of sensitive data, act as barriers. Ensuring robust cybersecurity measures is essential for overcoming these concerns.

4. **Integration Challenges:**

   - Difficulty in integrating new online technologies with existing systems and processes poses a challenge. Seamless integration is vital to ensure a smooth transition to e-business solutions.

5. **Resistance to Change:**

   - Resistance from employees and stakeholders to embrace new technologies and adapt to changes in business processes can impede progress. Change management strategies are essential to address this resistance.

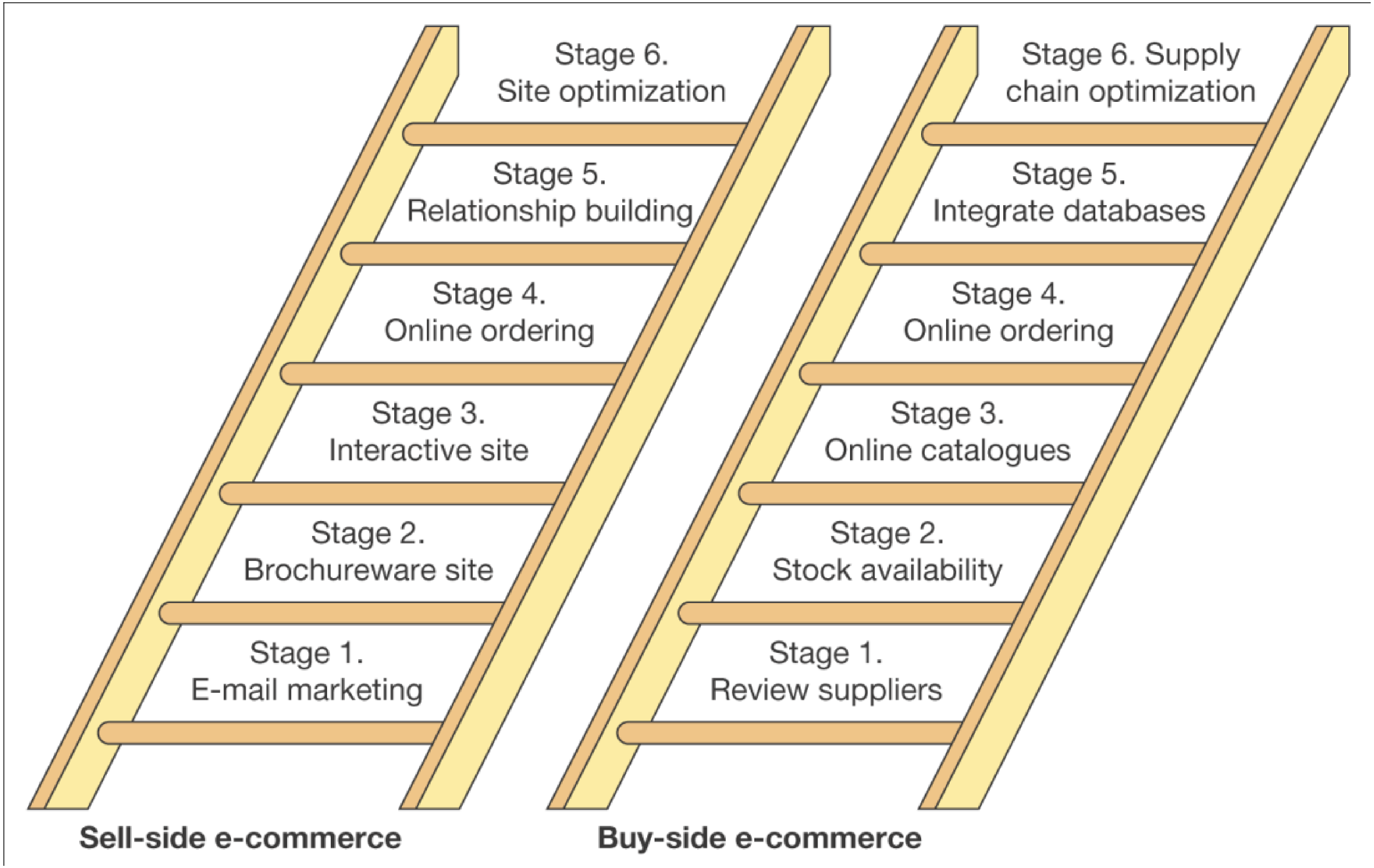
6. **Lack of Technical Skills:**

   - Insufficient technical skills within the workforce can be a barrier. Training programs and skill development initiatives are necessary to empower employees to effectively utilize online technologies.

Cost-Benefit Analysis and Total Cost of Ownership (TCO):
The study underscores the importance of managers conducting a comprehensive cost-benefit analysis. This analysis should encompass both the initial investment costs and the ongoing total cost of ownership (TCO). Managers need to weigh these costs against the tangible and intangible benefits generated by the adoption of online technologies.

Stage Model for Buy-Side and Sell-Side E-commerce:
The figure (Figure 1.13) illustrates a basic stage model that reviews capabilities for sell-side and buy-side e-commerce. This model depicts how companies progressively introduce more sophisticated technologies and extend the range of processes that become e-

business-enabled. The staged approach allows organizations to incrementally enhance their e-commerce capabilities, addressing barriers and evolving their digital capabilities over time.


Stage 6.
Site optimization
Stage 5.
Relationship building
Stage 4.
Online ordering
Stage 3.
Interactive site
Stage 2.
Brochureware site
Stage 1.
E-mail marketing
Sell-side e-commerce
Stage 6. Supply
chain optimization
Stage 5.
Integrate databases
Stage 4.
Online ordering
Stage 3.
Online catalogues
Stage 2.
Stock availability
Stage 1.
Review suppliers
Buy-side e-commerce

Variation in Different Online Activities by Gender:

Gender-based analysis of online activities reveals a notable similarity in how males and females use the internet for various purposes. However, distinctions arise in the popularity of downloading different types of digital content, which tends to be more prevalent among males, as depicted in Figure 1.14.

Typical Benefits of Online Services: The 'Six Cs'

Understanding the benefits of online services is crucial for assessing customer value. The 'Six Cs' provide a mnemonic to categorize different types of customer value:

1. **Content:**
    - Relevant and rich content plays a vital role in supporting the buying process. For transactional or relationship-building sites, detailed information is essential, while branded experiences encourage product usage, especially for Fast-Moving Consumer Goods (FMCG) brands.
2. **Customization:**
    - Mass customization of content, often referred to as personalization, involves tailoring content based on user preferences. Examples include personalized web pages like 'Amazon recommends' and email alerts.
3. **Community:**
    - The internet empowers consumers to engage in discussions through forums, chat-rooms, and blog comments. Chapter 2 and Chapter 3 explore these community-building techniques.
4. **Convenience:**

- Convenience refers to the ability to select, purchase, and, in some cases, use products from a desktop at any time. The classic 24x7x365 availability of services online is a key aspect. Online product usage is restricted to digital products such as music or data services.

5. **Choice:**
    - The web provides a broader range of products and suppliers compared to conventional distribution channels. Online intermediaries and platforms like Kelkoo and Screen trade demonstrate the increased choice offered to consumers.
6. **Cost Reduction:**
    - The internet is perceived as a relatively low-cost place of purchase. Customers often expect good deals online, considering that online traders have lower costs due to reduced staff and distribution expenses. Cost reduction is a key incentive for encouraging the use of online services. For instance, easyJet provided a £2.50 discount on online flight bookings in the late 1990s, encouraging a shift from phone to online bookings.

Understanding and delivering on these 'Six Cs' can significantly contribute to the success and adoption of online services.

Barriers to Consumer Internet Adoption:

Consumer adoption of the Internet, especially for online purchases, faces various barriers, as outlined in a survey conducted by Booz Allen Hamilton in 2002. The identified consumer barriers to Internet adoption include:

1. **No Perceived Benefit:**
    - Consumers may resist adopting the Internet if they do not perceive significant benefits. This could be due to a lack of awareness or understanding of the advantages offered by online services.
2. **Lack of Trust:**

- Trust is a critical factor influencing consumer behavior online. Concerns about the security of personal information, the reliability of online transactions, and the reputation of online platforms can lead to a lack of trust in the Internet.

3. **Security Problems:**

    - Security concerns, including issues related to online transactions, data breaches, and the potential for identity theft, can act as significant barriers. Consumers may hesitate to engage with online services if they perceive a risk to the security of their information.

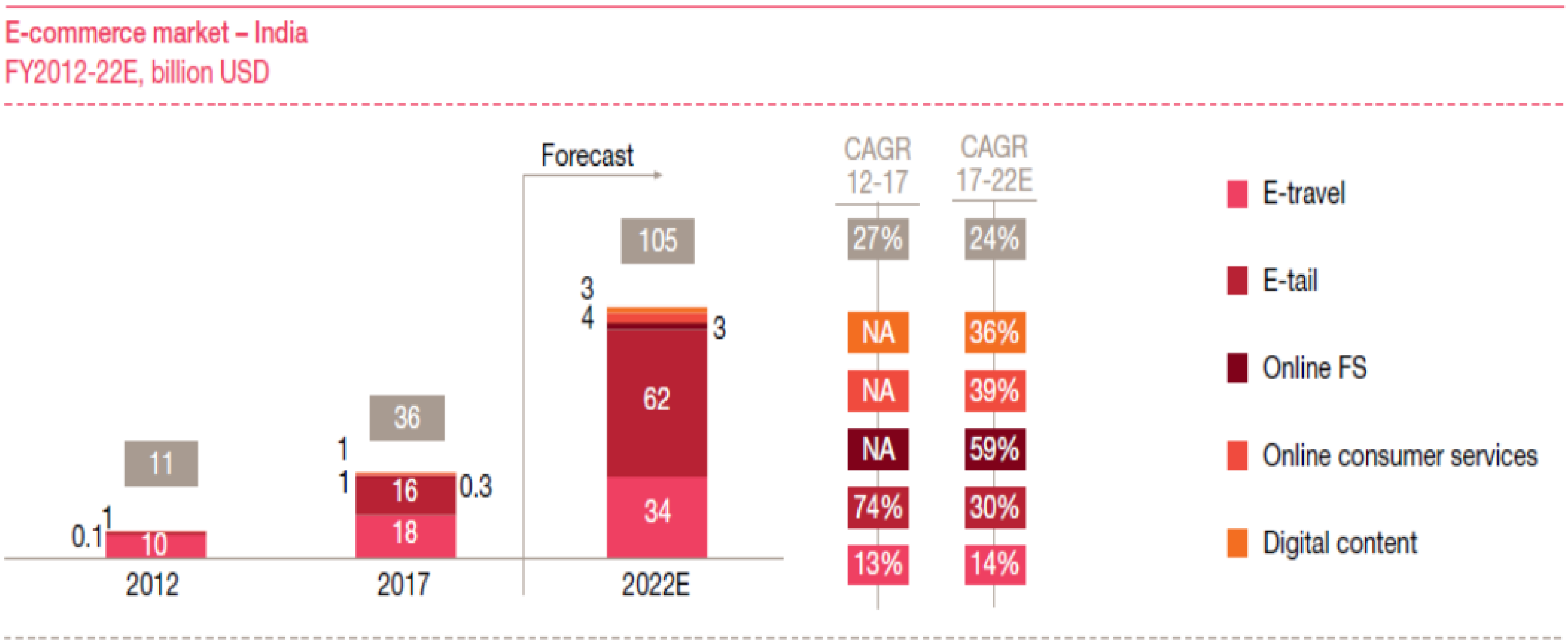
4. **Lack of Skills:**

    - Limited digital literacy and a lack of necessary skills to navigate and use the Internet can be substantial barriers. Consumers who are not familiar with online technologies may feel overwhelmed or find it challenging to adopt Internet-based services.

5. **Cost:**

    - The perceived or actual costs associated with using the Internet, such as the cost of devices, internet connectivity, or online services, can be a deterrent. Affordability is a critical factor in determining whether consumers choose to adopt online platforms.

Understanding and addressing these barriers is essential for encouraging broader consumer adoption of the Internet. Initiatives aimed at building trust, enhancing security measures, providing education on digital skills, and offering cost-effective solutions can help overcome these challenges and drive increased Internet adoption.



E-commerce Market in India: An Overview - III

Market Dynamics:

- The Indian e-commerce market is primarily dominated by global giants such as Amazon and Walmart-owned Flipkart.
- Various sectors are witnessing the rise of homegrown startups providing aggregator services:
  - **Tourism:** MakeMyTrip, Goibibo, Yatra, IRCTC
  - **Education:** EduKart, Meritnation

  - **Healthcare:** Portea, Healthkart
  - **Entertainment/Ticket Booking:** Netflix, BookMyShow
  - **Real Estate:** MagicBricks, Housing, 99 Acres
  - **Fin-tech:** PayTM, Freecharge, PayUmoney, Mobikwik, PhonePe

SME Contribution:

- Small and Medium Enterprises (SMEs) play a crucial role, contributing to a total of 51 million units, providing employment for around 117 million people.
- MSMEs manufacture over 6,000 products, accounting for 45% of the total manufacturing output and contributing 40% to total exports from the country.

Benefits to SMEs:

- E-commerce has proven to be beneficial for SMEs, opening new avenues for their business. However, they face challenges within the evolving e-commerce ecosystem in the country.

Key Regulatory Provisions:

1. **Government Initiatives:**
    - Digital India, Start-up India, Make in India, Skill India.
2. **Foreign Direct Investment (FDI) Rule:**
    - Guidelines regulating foreign investment in the e-commerce sector.
3. **Definition of E-commerce:**
    - Clear delineation of what constitutes e-commerce transactions.

4. **Inventory or Marketplace Based:**
    - Distinguishing between inventory-based and marketplace-based e-commerce models.
5. **Exclusivity:**
    - Regulations regarding exclusive arrangements between e-commerce entities and sellers.
6. **Services Offered:**
    - Specifying the range of services that an e-commerce entity can offer.
7. **Compliance Certificate:**
    - Requirements for compliance certifications for e-commerce businesses.
8. **Introduction of GST:**
    - Implementation of Goods and Services Tax (GST) for fostering the growth of e-commerce.
9. **Inter-operability for PPIs:**
    - Encouraging inter-operability among Prepaid Payment Instruments (PPIs) such as digital wallets, prepaid cash coupons, and prepaid telephone top-up cards.

Navigating these regulatory provisions is crucial for the sustainable growth and compliance of e-commerce businesses in India.

Key Features of New Draft E-Commerce Policy:

1. **Data Control:**
    - Emphasis on Indian control over data, with the government having access to source code and algorithms of AI systems.

- Imposition of custom duties on electronic transmissions to reduce revenue loss.
- Prohibition of sharing sensitive data of Indian users with third-party entities, even with consent.
- Establishment of a 'data authority' to oversee community data.

2. **Infrastructure Development:**
    - Focus on the development of secure and stable digital infrastructure.
    - Delivery of government services digitally.
    - Promotion of universal digital literacy.
3. **E-commerce Marketplaces:**
    - Creation of a level playing field for Small and Medium Enterprises (SMEs).
    - Addressing issues related to piracy, counterfeiting, consumer-oriented customer service, and ratings and reviews.
4. **Regulatory Issues:**
    - Acknowledgment of the interdisciplinary nature of e-commerce, advocating a broader, harmonious approach to protect the interests of SMEs.
5. **Stimulating Domestic Digital Economy:**
    - Promotion of the delivery of goods and services digitally.
    - Attention to logistics, infrastructure, interchangeability, and interoperability of payment systems.
    - Implementation of online customs clearance.
6. **Export Promotion:**

- Integration of e-commerce into the National Integrated Logistics Policy, considering the specific needs of the sector.
- Separate treatment of e-commerce under the Logistics Policy to reduce the cost for Indian exporters.

Challenges for SMEs in E-commerce in India:

1. **Unskilled Staff:**
    - Presence of unskilled personnel.
2. **Lack of Expertise:**
    - Insufficient expertise in peripheral activities related to technology integration.
    - Perception gap hindering effective implementation.
3. **Lack of Training:**
    - Insufficient training opportunities.
4. **Pricing Models:**
    - Different pricing models across e-commerce platforms.
5. **High Cost of Finance:**
    - Financial challenges due to high costs.
6. **Mobile Apps:**
    - Dependence on mobile apps by platforms, posing challenges for SMEs.
7. **Preference for Credit:**
    - Prevalence of a preference for credit transactions.

Addressing these challenges is crucial for creating an enabling environment for SMEs to thrive in the Indian e-commerce landscape.

Opportunities for SMEs under the Proposed E-Commerce Policy:

1. **Local Data and Level Playing Field:**
    - Emphasis on localization of data, ensuring data security.
    - Focus on creating a level playing field for Micro, Small, and Medium Enterprises (MSMEs).
    - Strive to prevent an increase in the overall cost of doing business online for MSMEs.
2. **Digital Infrastructure:**
    - Investment in the development of a secure and stable digital infrastructure.
    - Expected increase in revenue by 51%.
    - Reduction in marketing and distribution costs.
3. **Profit Margin Increase:**
    - Potential for increased profit margins for SMEs.
    - Opportunities to enhance profitability through efficient e-commerce practices.
4. **Geographical Reach and Access:**
    - Expanded geographical reach and access to a broader customer base.
    - Facilitation of SMEs reaching customers beyond local boundaries.

5. **Shorter Time to Market:**
    - Reduction in the time required to bring products/services to the market.
    - Streamlined processes leading to faster product launches.
6. **Improved Customer Experience:**
    - Implementation of policies to enhance customer experience.
    - Focus on consumer satisfaction, potentially leading to increased loyalty.
7. **Single Window Clearance:**
    - Introduction of a single window clearance system.
    - Simplification of administrative processes for SMEs.

The proposed policy provides a favorable environment for SMEs to leverage e-commerce opportunities, offering a range of benefits that contribute to growth, competitiveness, and efficiency in the digital marketplace.

Cross-Border Trade and E-commerce in India:

1. **WTO Moratorium:**
    - Since 1998, members of the World Trade Organization (WTO) have agreed not to impose duties on electronic transmissions.
    - A global agreement to facilitate cross-border digital transactions.
2. **India's Concerns:**

- India raises concerns about tax realization and unfair mandatory market access to foreign companies.
- Aiming to protect the interests of the rapidly growing domestic e-commerce sector.

3. **Growth of Cross-Border E-commerce:**
    - Cross-border e-commerce is anticipated to grow at a rate of 25% until 2024.
    - Significant potential for international trade facilitated by digital platforms.
4. **Shipping Fee Challenges:**
    - Challenges associated with high shipping fees for cross-border customers.
    - Addressing these challenges is crucial for the sustainable growth of international e-commerce transactions.
5. **India-EAEU Relations:**
    - Joint feasibility studies recommend the inclusion of e-commerce as a deliverable in India-Eurasian Economic Union (EAEU) relations.
    - Ongoing discussions to enhance cooperation in the e-commerce sector.
6. **India-BRICS Trade:**
    - Trade between India and BRICS countries stands at 113.47.
    - Collaboration within the BRICS framework may present opportunities for increased cross-border e-commerce.

Cross-border trade and e-commerce present both opportunities and challenges for India, requiring a balanced approach to foster international trade while safeguarding domestic interests. The ongoing dialogues with WTO, EAEU, and BRICS countries reflect India's commitment to navigating the complexities of cross-border transactions.

Cross-Border Trade Opportunities for SMEs:

B2C & B2B:

1. **E-commerce Platforms:**
   - SMEs can leverage B2C and B2B e-commerce platforms to reach a global audience.
   - Access to international markets for selling products and services.

B2G (Business to Government):

1. **E-Procurement Portal - eprocure.gov.in:**
   - SMEs can participate in government tenders through the e-procurement portal.
   - Foreign bidders, including those from Russia, can apply through the online portal.

   Example:

   - E-Procure Portal

   Procedure for Foreign Bidders:

   - Foreign bidders can obtain an Indian Digital Signature Certificate (DSC) and participate in e-procurement without visiting India.

Key Recommendations to Promote SMEs in E-commerce:

1. **Technology Platform:**
   - Establish a multi-dimensional gateway for MSMEs from all BRICS countries to facilitate cross-border transactions.
2. **Capacity Building:**

- Conduct capacity-building initiatives for Russian companies, educating them on government tenders, B2B interactions, and opportunities in the e-commerce sector.

3. **Sharing Best Practices:**
   - Facilitate knowledge exchange through virtual conferences (VCs) on various sectors, allowing SMEs to learn from successful models.
4. **Champion Countries/Organizations:**
   - Identify champion countries or organizations within BRICS and build success stories to inspire and guide SMEs.
5. **Development of Data Bank:**
   - Establish a data bank comprising information on e-commerce companies and stakeholders.
   - Facilitate information exchange among MSMEs for business development, technology transfer, funding options, joint ventures, and investment opportunities.

Promoting SME participation in cross-border trade and e-commerce involves creating accessible platforms, providing education, and fostering collaboration among BRICS countries. The recommendations aim to empower SMEs to navigate international markets successfully.

Atmanirbhar Bharat Stimulus Package Overview:

Key Points:

1. **Five Pillars of Atmanirbhar Bharat:**
   - Economy, Infrastructure, System, Vibrant Demography, and Demand.

2. **Stimulus Package Announcement:**
    - Prime Minister announced a stimulus package of Rs. 20,00,000 crore on May 12, 2020, to revive the economy affected by COVID-19.
    - Measures totaling Rs. 20,97,053 crore include various components such as health sector relief, tax concessions, RBI measures, and more.
3. **Recap of Announcements (March 2020):**
    - Measures announced in March 2020 include extending time limits for compliance, health sector relief, and RBI measures.
4. **Changes in Companies Act, 2013:**
    - Various changes, including the extension of the time limit for compliance, relaxation in holding board meetings, and adjustments in deposit-related compliance.
5. **Companies Fresh Start Scheme 2020:**
    - A one-time scheme for companies to clear the backlog of filing under MCA-21.
    - Scheme period: April 1, 2020, to September 30, 2020.
    - Immunity for delayed filings with only normal fees applicable.
6. **SEBI Compliance Relaxations:**
    - Relaxations in compliances specified under SEBI regulations related to substantial acquisition of shares, listing obligations, and disclosure requirements.
7. **SEBI (Substantial Acquisition of Shares and Takeovers) Regulations:**
    - Relaxations in disclosure timelines for continual disclosures and disclosure of encumbered shares.

8. **SEBI (Listing Obligations and Disclosure Requirements) Regulations:**
    - Extended timelines for filing compliance certificates, holding AGMs, and submitting financial results.
9. **Atmanirbhar Bharat Opportunities:**
    - Emphasis on self-reliance, boosting the economy through infrastructure development, and supporting SMEs.

Note: The provided information is a summary of the key points related to the Atmanirbhar Bharat Stimulus Package, including announcements, changes in regulations, and the focus on self-reliance. For detailed information and specific measures, it is recommended to refer to official government notifications and circulars.

Areas identified for Advisory (continued):

4. Revenue Recognition:

- **Ind AS 115 & AS 9**
- Consideration of significant changes in the contracts and reassessment of revenue recognition criteria.
- Potential impact on revenue recognition due to modifications or cancellations of contracts.

5. Leases:

- **Ind AS 116**
- Reassessment of lease terms and consideration of changes in the lease term or purchase options.
- Consideration of the impact on the right-of-use asset and lease liability due to changes in discount rates.

6. Events after the Reporting Period:

- **Ind AS 10 & AS 4**
- Consideration of events occurring after the reporting period and assessment of their impact on the financial statements.
- Disclosure of significant events and their financial implications.

7. Going Concern:

- **Ind AS 1 & AS 1**
- Reassessment of the entity's ability to continue as a going concern.
- Consideration of the potential impact on financial statements and relevant disclosures.

8. Other Reporting and Compliance Obligations:

- **Various Applicable Standards**
- Adherence to reporting and compliance requirements specified in applicable standards and regulations.
- Ensuring accurate and timely disclosures in the financial statements.

Note: The advisory provided by ICAI covers specific areas that Chartered Accountants (CAs) should monitor and consider while evaluating the impact of the COVID-19 pandemic on financial statements. CAs are advised to refer to the detailed guidance provided by ICAI for a comprehensive understanding of these issues.

Continuation:

Some other indicators to be analyzed (continued):

- **Supply Chain Disruptions:**
  - Evaluate the impact on supply chains due to disruptions in logistics, transportation, and production.

    - Assess the vulnerability of the supply chain to global shocks and consider diversification strategies.
- **Customer Behavior Changes:**
    - Analyze shifts in customer behavior, preferences, and consumption patterns.
    - Identify changes in demand for products or services and adjust marketing and production strategies accordingly.
- **Digital Transformation:**
    - Explore opportunities for digital transformation and technology adoption to enhance operational efficiency.
    - Consider investing in e-commerce platforms, remote working solutions, and other technologies.
- **Employee Well-being:**
    - Prioritize employee well-being and safety measures.
    - Implement policies for remote work, mental health support, and crisis management.
- **Government Support and Policies:**
    - Stay informed about government stimulus packages, financial aid, and policy changes.
    - Explore available support mechanisms and take advantage of relief measures.
- **Scenario Planning:**
    - Conduct scenario planning for different recovery scenarios, including best-case, worst-case, and moderate-case scenarios.
    - Assess the financial implications of each scenario and plan accordingly.
- **Communication Strategies:**
    - Develop effective communication strategies for stakeholders, including employees, customers, suppliers, and investors.

    - Provide transparent and timely updates on the business's situation and future plans.
- **Risk Management:**
    - Regularly update risk assessments and incorporate new risks arising from the evolving situation.
    - Implement risk mitigation strategies and ensure compliance with regulatory requirements.

Note: The above indicators provide a broad overview of considerations for businesses during challenging times. Specific actions and strategies may vary based on the industry, size of the business, and other contextual factors. It is advisable for businesses to seek professional advice and stay informed about the latest developments.

2. INR 20,000 Crore Subordinate Debt
• Govt. will facilitate provision of Rs. 20,000 crore as subordinate debt.
• Functioning MSMEs which are NPA or stressed will be eligible.
• Govt. will provide a support of Rs. 4,000 crore to CGTMSE.
• Promoters of the MSME will be given debt by banks, which will then be infused by Govt. in the form of equity.
• Govt. is looking to get bank loans of stressed MSMEs restructured with 90% underwriting by CGTMSE.
3. INR 50,000 Crore Equity infusion for MSMEs through Fund of Funds
• Govt. will set up a Fund of Funds with corpus of Rs. 10,000 crore.
• This will provide equity funding support for MSMEs with growth potential and viability.
• MSMEs with turnover upto Rs. 250 crore and which are growing will be eligible.

• Funds will be infused in business through a mother fund and few daughter funds.

4. Global tenders disallowed up to Rs. 200 Crore for Government Procurement

• This move aims to promote 'Make in India' and encourage MSMEs.

• For government procurement up to Rs. 200 crore, global tenders will be disallowed.

• Only Indian companies will be eligible to bid in such tenders.

Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 56 18th May 2020

Atmabirbhar

13th May 2020

Focus- MSME

5. Definition of MSME changed

• The distinction between manufacturing and service MSMEs has been removed.

• A composite criteria of both investment and turnover has been introduced.

• The distinction between manufacturing and service MSMEs has been removed.

• Investment limit has been revised upwards, and an additional criterion of turnover has been introduced.

• Micro - Investment up to Rs. 1 crore, and Turnover up to Rs. 5 crore.

• Small - Investment up to Rs. 10 crore, and Turnover up to Rs. 50 crore.

• Medium - Investment up to Rs. 20 crore, and Turnover up to Rs. 100 crore.

6. EPF Support for Business and Workers

• For businesses and workers, the statutory PF contribution will be reduced to 10% from the existing 12%.

• This will be applicable for the next three months.

• This is applicable to all establishments covered by EPFO for businesses and workers.

Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 57 18th May 2020

Atmabirbhar
13th May 2020
Focus- Discoms, Real Estate, NBFCs, and MUDRA
7. INR 90,000 Crore Liquidity Injection for DISCOMs
• DISCOMs are facing a liquidity crisis due to demand reduction amid lockdown.
• Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) will infuse liquidity to DISCOMs.
• The liquidity injection will be against the receivables of DISCOMs.
• This will be linked to DISCOMs undertaking reforms.
8. INR 30,000 Crore Liquidity Scheme for NBFC/HFC/MFIs
• Govt. will provide liquidity support for NBFCs/HFCs/MFIs.
• Investments will be made in both primary and secondary market transactions.
• This will be fully guaranteed by the Government of India.
• This move aims to address the liquidity constraints faced by NBFCs/HFCs/MFIs.
• The first 20% loss will be borne by the government, thereby increasing risk appetite.
9. INR 45,000 Crore Partial Credit Guarantee Scheme for NBFCs
• Existing PCGS scheme is extended to cover borrowings such as primary issuance of Bonds/CPs (liability side of the balance sheets of NBFCs, HFCs, and MFIs).
• This is applicable for the first time.
Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 58 18th May 2020
Atmabirbhar
13th May 2020
Focus- Real Estate and MUDRA
10. Real Estate Projects Registration and Extensions

• Registration and completion date of all registered projects expiring on or after March 25, 2020, will be extended up to six months.

• The state regulators will be given powers to extend this for another three months.

• Suo-moto extension will be granted without individual applications.

11. INR 50,000 Crore Liquidity for MUDRA

• Rs. 50,000 crore will be provided for MUDRA loans.

• This aims to provide liquidity support to nearly 50 lakh MUDRA borrowers.

• This will help them resume their businesses post the lockdown.

• This is part of the support to MSMEs in the Rs. 20 lakh crore stimulus package.

Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 59 18th May 2020

Atmabirbhar

90000 0

Contractors NA NA 0

Real estate NA NA 0

Total 471800 169550 14000

Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 67 18th May 2020

Atmanirbhar Bharat Abhiyan 2.0

12th November 2020

• Additional stimulus package to support economic recovery amid the COVID-19 pandemic.

• Total outlay: Rs. 2.65 lakh crore.

Focus Areas:

1. Stimulating Demand
2. Capital Expenditure

3. Boosting Employment
4. Providing Support to Agriculture
5. Enhancing Infrastructure
   Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 68 18th May 2020
   Stimulating Demand
6. LTC Cash Voucher Scheme
   • Central government employees and many public sector employees are entitled to LTC benefits.
   • In lieu of one LTC during 2018-21, employees can opt for cash payment for leave encashment and spend it on goods and services.
   • The amount spent should be three times the leave encashment and two times the leave encashment for the travel fare.
   • The payment needs to be made digitally, and GST needs to be paid on the amount spent.
   • The scheme aims to boost consumer spending on goods and services.
   Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 69 18th May 2020
   Stimulating Demand
7. Special Festival Advance Scheme
   • A one-time festival advance of Rs. 10,000 is announced for all government employees.
   • The amount is to be spent by 31st March 2021, and it will be recovered in a maximum of 10 installments.
   • This scheme is expected to stimulate demand during the festival season and boost consumer spending.
   Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 70 18th May 2020
   Capital Expenditure

8. Atmanirbhar Bharat Rozgar Yojana

   • The scheme aims to incentivize employers for creating new employment or filling positions that were lost due to the COVID-19 pandemic.

   • For establishments with up to 1,000 employees, the government will pay both the employer's and employee's share of EPF contribution (12% each) for two years.

   • For establishments with more than 1,000 employees, the government will pay only the employee's share of EPF contribution (12%) for two years.

   • This scheme is expected to encourage employment generation.

   Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 71 18th May 2020

   Providing Support to Agriculture

9. PM Awaas Yojana (PMAY) - Urban

   • A new outlay of Rs. 18,000 crore is announced for the PMAY-Urban program.

   • The focus is on the completion of housing projects, which will create employment and boost demand in the real estate and allied sectors.

   Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 72 18th May 2020

   Enhancing Infrastructure

10. Additional Budget Allotment for Rural Employment

   • An additional budget allocation of Rs. 10,000 crore is made for the PM Garib Kalyan Rozgar Yojana in the current financial year.

   • This will accelerate rural employment generation and boost infrastructure development in rural areas.

   Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 73 18th May 2020

   Enhancing Infrastructure

11. Capital Expenditure on Roads, Defence Infrastructure, Water Supply, and Urban Development
    • An additional Rs. 25,000 crore is allocated for capital expenditure on roads, defence infrastructure, water supply, urban development, and defense infrastructure.
    • This is expected to spur economic activity and create employment opportunities.
    Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 74 18th May 2020
    Atmanirbhar Bharat Abhiyan 3.0
    12th November 2020
    • Third stimulus package to support economic recovery amid the COVID-19 pandemic.
    • Total outlay: Rs. 2.65 lakh crore.
    Focus Areas:
12. Employment Generation
13. Agriculture and Allied Activities
14. Infrastructure Development
15. Financial Inclusion and Financial Capital
16. Stimulating Demand for Affected Sectors
    Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 75 18th May 2020
    Employment Generation
17. PM Employment Generation Program (PMEGP)
    • The credit-linked subsidy program aims to boost self-employment and entrepreneurship.
    • The government provides financial assistance for setting up micro-enterprises.
    • An additional Rs. 10,000 crore is allocated for this program.

Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 76 18th May 2020
Agriculture and Allied Activities

18. Pradhan Mantri Awaas Yojana - Gramin (PMAY-G)
    • A total of 1.67 crore rural houses will be completed under PMAY-G by 2022.
    • The outlay for this program is increased by Rs. 18,000 crore.
    Rs. 20 lakh Cr. Stimulus Package- CA. Aniket Talati, Talati & Talati LLP 77 18th May 2020
    Infrastructure Development

19. Capital Expenditure on Roads, Defense Infrastructure, Water Supply, and Urban Development
    • An additional Rs. 10,200 crore is allocated for capital expenditure on roads, defense infrastructure, water supply, and urban development.
    • This is expected to spur economic activity and create employment opportunities.
    Rs. 20 lakh Cr. Stimulus Package

Category 1: Force Majeure and Commercial Laws

- **Impact of COVID-19 on Contracts:**
    - Recognized as a force majeure event by the World Health Organization (WHO) and the Government of India (GOI).
    - GOI issued a notification in February 2020 declaring COVID-19 as a force majeure event.
- **Ministry of Finance's Office Memorandum (Feb 2020):**
    - Considers coronavirus as a natural calamity and allows the invocation of force majeure.
    - Specifies that a force majeure clause does not excuse non-performance entirely but suspends it for the duration of the event.

Category 2: Stimulus Packages

Rs. 20 Lakh Crore Stimulus (May 2020)

- **PM Garib Kalyan Yojana-1 (March 2020):**
    - Insurance cover for health workers affected by COVID-19.
    - Free food resources for 80 crore poor people.
    - Financial support for various vulnerable groups and sectors.
- **RBI Measures (March and April 2020):**
    - Liquidity enhancement, repo operations, and refinance facilities.

Atmanirbhar-1 (May 2020) - Focus on MSME

1. **Collateral-Free Loan:**
    - Emergency credit line for businesses, especially MSMEs.
    - Eligibility based on outstanding credit as of Feb 29, 2020.
2. **Subordinate Debt Provision:**
    - Rs 20,000 crore for stressed MSMEs.
    - Functioning MSMEs eligible; support provided to CGTMSE for credit guarantee.
3. **Funds of Fund for Equity Infusion:**
    - Rs 50,000 crore fund for equity funding to viable MSMEs.

- Encourages MSMEs to expand and get listed on stock exchanges.

4. **MSME Definition Change:**
   - Investment limit revised; criteria based on turnover introduced.
5. **Government Procurement and Receivables:**
   - Global tender route not allowed for procurement up to Rs 200 crore.
   - Government and CPSEs to clear all receivables within 45 days for MSMEs.

EPF Support

- Support for establishments with up to 100 workers: employer-employee contribution funded by GOI for June-August.

Support for NBFCs/HFCs/MFIs

- Rs 30,000 crore liquidity scheme and Rs 45,000 crore partial credit guarantee.

Support for DISCOMs

- PFC/REC to infuse liquidity of Rs 90,000 crore against receivables.

Support for Contractors

- Extension of up to 6 months (without cost) for obligations in construction contracts.

Support for Real Estate

- Treating COVID-19 as force majeure under RERA; extension of registration and completion dates.

Category 3: Atmanirbhar-2 (May 2020) - Farmers, Street Vendors, Migrant Workers

- **Free Food for Migrants:**
  - 5 kg of wheat or rice per person and 1 kg of pulses per family for non-ration cardholders.
- **National Portability of Ration Cards:**
  - One Nation, One Ration Card to enable migrant beneficiaries to access the public distribution system anywhere in the country.
- **Affordable Rental Housing Complex for Migrant Workers:**
  - PMAY scheme for affordable rental housing complexes through different models.
- **Interest Subvention on Mudra Loans:**
  - 2% interest subvention for prompt payees for 12 months after the 3-month moratorium.
- **Credit Line for Street Vendors:**
  - Working capital loan facility of around Rs 5,000 crore for street vendors.
- **Credit Linked Subsidy Scheme for Housing:**
  - Extension of the credit-linked subsidy scheme for the middle-income group until March 31, 2021.
- **Farmers Refinance via NABARD:**
  - Additional refinancing support of Rs 30,000 crore for farmers.
- **Kisan Credit Card:**
  - Special drive to provide Rs 2 lakh crore of concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards.

- **CAMPA Funds:**
    - Utilization of Rs 6,000 crore for employment generation in afforestation and plantation work.

Category 4: Atmanirbhar-3 (May 2020) - Agriculture and Related

- **Agriculture Infrastructure Fund:**
    - Rs 1,00,000 crore fund for agriculture infrastructure projects at farm gates and aggregation points.
- **Micro Food Enterprises:**
    - Scheme to formalize a market for micro food enterprises, farmer producer organizations, and self-help groups.
- **Fisheries:**
    - PMMSY for integrated development of marine and inland fisheries with an outlay of Rs 20,000 crore.
- **National Animal Disease Control Programme:**
    - Program with an outlay of Rs 13,343 crore to ensure 100% vaccination of various livestock for foot and mouth disease.
- **Animal Dairy Infrastructure Fund:**
    - Fund to support private investment in dairy processing, value addition, and cattle feed infrastructure.
- **Herbal Cultivation and Beekeeping:**
    - Focus on herbal cultivation and a scheme for beekeeping activities.
- **Operation Green:**
    - Subsidy for all fruits and vegetables for a pilot scheme of 6 months.

Amendments and Reforms

- **Essential Commodities Act:**
  - Amendment to deregulate commodities like cereals, edible oils, oilseeds, pulses, onions, and potatoes.
- **Agriculture Marketing Reforms:**
  - Proposed Central Law for barrier-free inter-state trade and e-trading.
- **Agriculture Produce Price and Quality Assurance:**
  - Facilitative legal framework for farmers to engage with processors, aggregators, and large retailers.

This summary provides a comprehensive overview of the economic stimulus packages, reforms, and support measures announced by the Government of India. It covers various sectors, including MSMEs, agriculture, migrants, and healthcare.

Thank you for providing the detailed information on the Atmanirbhar Bharat Abhiyan (Self-Reliant India Movement) economic stimulus packages announced by the Government of India. Here's a summary of the key points:

Categories of Measures:

1. Force Majeure and Commercial Laws:

- COVID-19 recognized as a force majeure event.
- Office Memorandum allowing invocation of force majeure for contracts.

2. Rs. 20 Lakh Crore Stimulus (May 2020):

- PM Garib Kalyan Yojana-1 (March 2020).
- RBI Measures (March and April 2020).
- Atmanirbhar-1 (May 2020) with a focus on MSME.
- EPF Support for establishments with up to 100 workers.
- Support for NBFCs/HFCs/MFIs, DISCOMs, Contractors, and Real Estate.

3. Atmanirbhar-2 (May 2020):

- Collateral-Free Loan for businesses and MSMEs.
- Subordinate Debt Provision for stressed MSMEs.
- Funds of Fund for Equity Infusion in MSMEs.
- MSME Definition Change and Government Procurement support.
- EPF Support extended.

4. Atmanirbhar-3 (May 2020):

- Support for Migrants, Farmers, Street Vendors.
- Interest Subvention on Mudra Loans.
- Credit line for Street Vendors.
- Credit Linked Subsidy Scheme for Housing.
- Farmers Refinance via NABARD.

- Kisan Credit Card and CAMPA Funds.

5. Atmanirbhar-3 (May 2020):

- Agriculture Infrastructure Fund.
- Support for Micro Food Enterprises, Fisheries, and Animal Husbandry.
- National Animal Disease Control Programme.
- Animal Dairy Infrastructure Fund.
- Herbal Cultivation and Beekeeping.
- Operation Green - Subsidy for all fruits and vegetables.

6. Amendments and Reforms:

- Essential Commodities Act amended.
- Agriculture Marketing Reforms proposed.
- Agriculture Produce Price and Quality Assurance.

7. Health & Education Measures:

- PM eVIDYA program for digital/online education.
- New National Curriculum and Pedagogical framework.
- National Foundational Literacy and Numeracy Mission.

8. IBC Related Measures:

- Minimum threshold for insolvency proceedings raised.
- Special insolvency resolution framework for MSMEs.
- Suspension of fresh initiation of insolvency proceedings.
- Exclusion of COVID-19 related debt from the definition of "default."

9. Ease of Doing Business Measures:

- Improvements in EoDB rankings.
- Direct listing of securities, provisions for private companies, and other key reforms.

10. Public Sector Policy Changes:

- New policy for strategic sectors and PSEs in public interest.

11. Support to State Governments:

- Fiscal deficit limit of states increased.
- Borrowings linked to specific reforms.
- Steps to increase GSDP.

12. Summary of 20 Lakh Crore Stimulus:

- Breakdown of expected outlay, liquidity, and fiscal burden for each category.

13. Analysis of Package:

- Double counting of RBI liquidity.
- Majority of the stimulus is credit-based.
- Sectoral investments have a spread impact over 1 to 5 years.

14. Impact and Objectives:

- Objectives include resuming business, reducing compliance burden, supporting MSMEs, and promoting consumption and investment.

15. New Avenues for Investment:

- Opportunities for large to very large investments in various sectors.

16. Coal Sector and Mining Sector:

- Measures related to commercial mining in the coal sector.

17. Defence Privatization of PSU:

- Open issues related to the privatization of PSU in the defense sector.

18. Open Issues and Recommendations:

- Clarifications needed on MSME definition, moratorium extension, and applicability to LC and BG.
- Recommendations for cost-free extension of moratorium.

Conclusion:

- Acknowledgment of the impact of COVID-19 on the economy.
- The need for extending support and relief measures.
- Thank you and conclusion.

The provided information covers a wide range of economic measures and reforms aimed at reviving various sectors affected by the COVID-19 pandemic.