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# E-COMMERCE AND MONETARY DEVELOPMENT

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## Abstract

"E-Commerce is the procedure by which business and consumers buy sell goods and services through on electronic medium". Monetary policy is policy adopted by the monetary authority of a nation to control either the interest rate payable for very short-term borrowing (borrowing by banks from each other to meet their short-term needs) or the money supply, often as an attempt to reduce inflation or the interest rate to ensure price stability and general trust of the value and stability of the nation's currency. Unlike fiscal policy, which relies on taxation, government spending, and government borrowing, as methods for a government to manage business cycle phenomena such as recessions, monetary policy is a modification of the supply of money, that is 'printing' more money or decreasing the money supply by changing interest rates or removing excess reserves.

***Keywords***: *E-Commerce, Monetary development, history, purpose, importance*

## INTRODUCTION

E-Commerce is one such activity that has generated new dimension in economic growth and that has a potential to add a higher value to business and consumer. In view of the fact that the emergence of e-commerce is the most important development since the industrial revolution this study examines the role of e-commerce as the most important factor. That will revolutionize economic growth. Monetary policy is the macroeconomic policy laid down by the central bank. It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity. E-commerce is the activity of buying or selling of product on online services or over the internet. Electronic commerce draws on technologies such as mobile commerce, electronic fund transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems and automated data collection system. Monetary means relating to money or to the mechanisms by

which it is supplied to and circulates in the economy a crime committed for monetary gain a government's monetary policy. The Fed can use four tools to achieve its monetary policy goals: the discount rate, reserve requirements, open market operations, and interest on reserves. All four affect the amount of funds in the banking system.

## HISTORY AND GROWTH OF E-COMMERCE

There is no denying the fact that e-commerce has re-entered India and is here to stay. Even the small and medium retailer of the Country want to write the wave and ready to make a fortune out of the market place concept. If may be now that online shopping has become popular but concept of e-commerce was introduce long back in the 20th century.

- 1991 – Introduction of E-commerce
- 2002 – IRCTC Teachers India to book ticket online
- 2003 – Introduction of low cost airlines with air Deccan
- 2007 – The deep discounted model of Flip kart.

E-Com has started in India in the year with the introduction of B2B portal in 1996. Now e- commerce is all set to become one of the successful medium for business transactions.

- **Between 2000 and 2005** - The first wave of e-commerce in India was characterized by a small online shopping user base.
- **Between 2005 and 2010** - There were major transitions that to place that added in the built of e-commerce story in India.
- **2010 onwards group buying** - starting in 2010, the group of buying and daily deals models become a sought after space for entrepreneurs in India, emulating the global trend group buying sites have seen a significant rise in the number of unique visitors and membership.

## TYPE OF E-COMMERCE

### 1) B2B E-commerce (Business to business)

Business-to-business (B2B), also called B-to-B, is a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer. ... Business-to-business stands in contrast to business-to-consumer (B2C) and business-to-government (B2G) transactions.

### 2) B2C E-commerce (Business to customer)

B2C (Business-to-Customer) ecommerce is the exchange of goods or services over the internet between online stores and individual customers. The definition of business-to-consumer sales refers to a sales model in which business target individual

consumers. Examples of B2C sales reps would be sales reps selling cars, gym memberships, or stereo systems.

**3) C2C E-commerce (Customer to customer)**

Customer to customer (C2C) is a business model whereby customers can trade with each other, typically in an online environment. Two implementations of C2C markets are auctions and classified advertisements.

**4) C2B E-commerce (Customer to business)**

Consumer-to-business (C2B) is a business model in which consumers (individuals) create value and businesses consume that value. Elance was the first C2B model e-commerce site. C2B is a kind of economic relationship that is qualified as an inverted business type.

## E-COMMERCE AND ECONOMIC/MONETARY DEVELOPMENT

An internet provides access to the user on 24*7 any time anywhere. E-commerce is one such activity that had generated new dimension in the economic growth and has help many country to attained a higher level of development in recent year there by creating and investment climate conductive for further economic development. Economic development involves the creation of novels economic activities, new productive sector emerge and change the structure and organization of the old activities drastically.

E-commerce has a tremendous growth potential and also generated economic growth. In ordered to realize its full potential to bring about structure change needs for economy development. E-commerce provides an environmental in which new activity can fruitfully we developed. E-commerce is going to be the driving force of economic development. Six main instrument of e-commerce have been recognized by WTO. These are telephone fax, TV, electronic payment and money transfer system to an open. In analyzing the effect of e-commerce an economic development (ICT) seems to have different effect on productivity and growth. Capital goods investment in ICT contributes to overall capital depending an there for helping in increasing labor productivity rapid technological progress in the production of ICT goods and services.

## CONCLUSION

The expansion related the productiveness and efficiency generated by the e-commerce on the economic ensemble are so promising. The potential that e-commerce has in productivity and competitiveness terms is so significant that any delay in ensuring the technological an

infrastructure premises necessary shredding on larger scale attract the risk of the depending of digital difference between countries. Electronic commerce is associated with IT as an enabler, facilitator, and even inhibitor of business activities both within and among all types of organizations. It is thus creating enormous interest in the world of IT as well as many other industries There is little doubt that growth in this area will continue as more organizations join in the festivities, establishing and cultivating business relationships, performing business transactions, distributing knowledge, and implementing competitive strategy.

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