

E-COMMERCE AND BREAKDOWN IN SUPPLY CHAIN MANAGEMENT DUE TO COVID-19 VIS-A-VIS EXISTING LAWS

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ABSTRACT

Covid -19 has the adverse effect on almost every sector of Society. It was the time when the Governments worldwide were in surge of medicine or vaccine to control the spread of the virus. Until the situation could be handled the only way left was to control the spread through lockdown in the Country by implementing appropriate law. The best possible way was to control the situation through Disaster Management Act, 2005. Under the authority granted by this Act, the Ministry of Home Affairs issued orders and guidelines which has in some way restricted the fundamental rights of profession, life etc. but the use of this substantially unbridled power was ultimately for the benefit of public at large. This advent of this social engineering has resulted in the growth of E- commerce industry worldwide, wherein less interaction and less risk of infection were possible, combined with the traditional benefits of E-commerce. .E-commerce was the only way during pandemic to ensure supply chain, although this was fractured intermittently, as it too requires human intervention at different levels. The changes in the behaviour of people lead to the major shift in the trend of business. The trend of online shopping which has risen during lockdown or otherwise during scarce travelling is still continuing as the habit of many people has changed from physical shopping to E-Shopping .The other side of coin is that the industries associated with travel and leisure are the biggest economic losers in India. The government stopped visas to foreign travellers. The whole value chain comprising Airlines, taxi drivers, small time travel agents, tour operators, guides, hotels and online travel aggregators have been badly hit.

KEYWORDS: *E-commerce, Payment Gateways, Online Business, Disaster Management, Pandemic.*

Introduction

E-commerce has transformed the way business is done in India. The Indian e-commerce market has grown fast and is expected to grow up to 111.4 billion US dollars by 2025. Much of the growth in this industry is evident due to the increase in the use of Internet and smart phones. If we go by the data, the number of Internet connections has increased up to 784.6 million out of which 61% connections were in urban areas. During pandemic, people were forced to stay at home due to various restrictions imposed under the Disaster Management Act, 2005. Areas within the city were divided into containment zones depending upon the live cases in the particular area. At the beginning, people were allowed to move out only for the purchases of essential commodities and that too for limited time and limited facilities were available. As the time passed out and the situation improved, Government allowed the online transactions of essential commodities. People, as a precaution, switched from malls and supermarkets to e-commerce for purchase of everyday commodities resulting in drastic spikes in online orders for companies such as Flipkart, Amazon, Big basket and Grofers. As a result, restrictive measures taken under various laws like Sec 144 CrPc, Secs. 188 and 270 IPC, guidelines under Essential Commodities Act 1955, etc. forced offline traders to launch e-commerce platforms, or be associated with the already existing platforms. Under section 24 of Disaster Management Act 2005, for the purpose of assisting and protecting the community affected by the disaster or providing relief to such community or preventing or combating disruption or dealing with the effects of any threatening disaster situation, the State Executive Committee may:

- Control and restrict, vehicular traffic to, from or within the vulnerable or affected area.

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- Control and restrict the entry of any person into his movement within and departure from vulnerable or affected area.

Most affected vis-a-vis most Benefited Industries

Agricultural Industry

Agricultural activities suffered due to the State wise regulations and protocols of COVID-19. Millions of migrant laborers travelled back to their hometowns. Depending upon the cropping pattern, labour supply and access to markets, a range of heterogeneity in the effects of Covid responses was found in agricultural industry, its activities and consumption. Local agricultural markets were hit badly. Although sellers were reluctant to function in crowded places irrespective of fear of police and infection but the buyers were few. Even the grocery delivery firms such as Big basket which depends upon farmers were buckled due to the supply chain issues. As per the survey conducted by the Public Health Foundation of India (PHFI) Harvard TH Chan school of Public Health and the Centre for Sustainable Agriculture (CSA), Hyderabad conducted in May 2020, the preliminary findings were worrying. As per the survey, during lockdown, 10% of farmers could not harvest the crop and 60% who harvested suffered a loss. Due to the losses faced by the small scale vegetable vendors and unavailability of buyers they were forced to go online through mobile apps and other mediaries to earn livelihood. Even going online was not helpful due to the lack of resources.

Travel and Tour Industries

Tourism industries were the most affected during pandemic. Safety measures to stop the spread of virus were imposed upon these industries. Three-commerce companies engaged into tour and travel were almost about to close their businesses and many of them cut off the salaries of employees and also laid off their employees. Online travel firm Yatra.com implemented pay cuts for its employees and put on leave without pay as per reports. The employees were kept/categorised into four categories by the Companies:-

- Optimum utilization category- 25% salary cut
- Mid utilization-50% salary cut
- Low utilization-75% salary cut
- No utilization-on leave without pay

India's largest online travel booking company Makemytrip was battered by the pandemic and thus forced to let go off 350 people which was nearly 10% of its staff. Founder of Makemytrip noted :-

"I think for us the way we are wired.... we are Indian, we don't have that hire- fire mentality... at least we certainly don't. Asking one person to go for a reason that's not his or her fault is hard and when you do it mass scale, it's very hard"-Deep Kalra.

Restrictions imposed through various orders of Central and State governments on transport facility had a worse impact on many app based cap companies too. The major players Ola and Uber had unquantified revenue loss. Monthly Active Users (MAVS)- a key metric for app businesses shows the downfall of 45% according to the app "any data" reviewed by the Business Standard.

Pharmaceutical Industries

India's online pharmacy sectors is mainly led by Pharmeasy, 1 mg and Netmeds, which were the biggest beneficiaries during the pandemic. To reduce the risk of contamination people choose to buy the medicines online. Amazon is currently evaluating India's largest branded pharmacy chain Apollo pharmacy with investment of US \$1,000,000 in. India's online pharmacy market is estimated to swell up to 2.7 billion US dollars by 2023 from about \$360,000,000 currently according to a report by EY last year. Besides medicines, there was unparallel demand of certain medical equipments like ventilators, oximeters, nebulizers and sanitisation materials. The demand was more than the supply. These equipments were under shortage and out of stock at all online supply chains like Amazon and Flipkart. The local medical stores turned their businesses online with online payment modes. Thus a reform has occurred in the healthcare industry, with even the low budget medical stores turning online. It is also important to note that in this process, many stores charged more amount than the printed prices, with the end user being compelled due to limited options available at the time.

Digital Payment Companies

The Covid-19 saw an unprecedented surge in the digital payments done by even the most cash obsessed people all over the country for its obvious advantages. It worked in tandem with the facility of Bank account extended to most citizens of the country. Paytm, one of the big names having the digital payments as the key source of revenue registered 3.5 times growth in transactions during this period. The CEO of Paytm

Mr. Vijay Shekhar Sharma, speaking at Global Fintech Fest, 2020 confirmed having couple of million dollar revenues and planning to venture into stock broking. He also spoke about the opportunities in the digital lending payment lending segments during and post the lockdown saying that the companies writing unsecured loans will be the Champions of tomorrow. As per the local circles report by ETgovernment.com dated April 16 2020,42% Indians have used digital payment mode multiple times as compared to the pre -lockdown. During the spread of COVID-19, the physical transactions were greatly reduced. Even the small vendors and daily wagers learnt the use of such online payment modes. Due to this, mounting spike in e-commerce has been witnessed during the last 1 and half years. The Covid situation has brought many first time users to pay online for buying essentials. The top gainers are the Paytm and Google Pay as per the survey conducted by Economic Times. The number of people using different online payment modes were asked about their preferences as to the payment apps, wherein 33% said Paytm, 14% Google Pay,4% phonepay,10% Amazon pay, 6% BHIM while 33% used other apps. Such digital payment companies led to the increase e-commerce platforms delivering groceries or other essentials. Even National Payments Corporation of India (NPCI) urged the people to switch into the digital payment modes thus benefiting these ecommerce companies and encouraging people with innovative ideas of doing online businesses.

Conclusion

After the spread of corona virus in India and implementation of various provisions of National Disaster Management Act 2005,the Central and State governments issued various guidelines and orders not only to control the movement of people but also to restrict the to and fro of goods and services. This action of governments inadvertently violated various fundamental rights of the citizens under different articles of the Constitution of India. Despite this, it is found that in the early phase of Covid pandemic situation, a huge loss was suffered to e-commerce industry in India. Although the concept of e-commerce was not new in the country but it was majorly restricted to a class of people. Therefore at the beginning where people were not aware about online business and online mode of payments, a huge loss was suffered to e-commerce Industry. In March 2020, a loss of US \$400 million worth of sales was estimated. The reason was warehouses witnessed shutdown, labours migrated and transport among States was disrupted due to the various restrictions of Disaster Management Act. 2005. As a result, even big companies like Flipkart, Amazon, big basket etc. suspended their services. E-commerce operations gradually began with the orders related to essential services only with a thin working staff of 30 to 40%.Gradually, the e-commerce industries related to electronics, with the sale of laptops and mobile phones increased and amounted to 50% in total sales. Significant ups and downs were noticed in the beginning in the shopping pattern of people, Mainly daily essential categories containing hygiene and health care needs rose by 200%, lifestyle goods witnessed a drop of 15 to 30% .The study also observed 80% hike in daily essential e-commerce sales and a 20% hike in average cart value. E-commerce searches for laptops had 25% hike whereas 100% increase in DTH services. Thus even after facing so many challenges of various laws existing during the phase of COVID-19 pandemic majorly e-commerce companies are at a profitable state.

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