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Kart to Mart - Game Changer for Indian E-Commerce Industry

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Abstract

E-Commerce business is one of the fastest growing sector in India and has a great potential for future on account of several factors like ease of doing business, investment climate, size, growth rate, digitization, rising internet penetration, etc. According to one of the reports, Indian E-commerce industry is expected to reach US$200 billion in 2026 from US$38.5 billion in 2017 and retail market to reach US$ 84 billion in 2021 from US$ 24 billion in 2017.This exceptional performance of Indian E-commerce industry has attracted the world giant Walmart Inc. to acquire the largest Indian E-commerce company Flipkart for a whopping US$16 billion, for 77% stake in Flipkart, making it the largest deal in E-commerce space globally. Though the deal is expected to benefit the consumers at large, yet it opens a several concerns about small domestic producers, big battle among the giant players, and other competition issues.The big deal is believed to impact the Indian e-commerce industry in a positive manner, benefitting Flipkart and Walmart. This type of FDI in E-commerce industry will surely contribute to the growth of Indian economy and '*not likely to have an appreciable adverse effect on competition in India'.* The current paper analyses how this "Big Deal" is going to transform the way of doing business on e-commerce platform domestically and globally and sustainability of such type of "business model". However, measures should be undertaken to prevent exploitation by bringing the national E-commerce policy.

Keywords: *E-Commerce, Walmart, Flipkart, Big Deal, Foreign Direct Investment(FDI)*

INTRODUCTION

E-Commerce business is one of the fastest growing sector in India and has a great potential for future. E-Commerce is defined as buying and selling of goods and services, including digital products over electronic platform or internet. Unlike the brick n mortar model, where the buyer and seller meet physically, in E-commerce both meet virtually and transact. According to one of the reports, Indian E-commerce industry is expected to reach US$200 billion in 2026 from US$38.5 billion in 2017 and retail market to reach US$ 84billion in 2021 from US$ 24billion in 2017. The vast growth is majorly on account of rising internet penetration, launch of 4G network, digitization and rising smart phone usage. According to one of the reports by Indian Brand Equity Foundation (IBEF), the internet penetration has increased to 34.42 percent in 2017 from 4 percent in 2007, where Urban areas have around 88.26 percent and rural areas have 21.76 percent contribution. It is expected to grow further to 45 percent in near future. So, the overall internet usage is around 46.13 percent in India, while in terms of number of active users, India's ranking is second in the world.E-commerce has four major segments, these are:

- Business to Business(B2B)means exchange of products,services and information from one business to other, where purchases are done for business purpose only. B2B sales is a transaction between a manufacturer and a wholesaler, examples of firms engaged in B2B are Walmart, Alibaba etc.

- Business to consumer(B2C) means selling of goods and services directly to the consumers online. Purchases by the consumers are meantfor personal consumption. Amazon and Flipkart are very good examples of B2C sites.

- Consumer to Business(C2B)is selling of goods and services by an individual to the companies. Some of the examples of C2B are Monster.com, Naukri.com, shaadi.com etc.

- Consumer to Consumer(C2C) is a website which enables the transaction between the consumers. Consumers can directly create an account, upload the information relating to product or services and sell it to other consumers. C2C website acts as a medium of exchange.Gumtree, Airbnb, Olx etc. are examples of C2C websites.

There have been the revolutionary changes in E-commerce business over the past few years. These positive changes have encouraged E-commerce industry domestically and globally. Government of India's initiative to allow 100 percent FDI in April 2016, in B2B has led to exceptional performance of E-commerce industry. This has paved the way for the "Big Deal" between "Kart" and "Mart".

INDIA AND E-COMMERCE

The Indian E-Commerce Industry has been showing an upward trend and is expected to become second largest E-commerce industry after U.S in the world by 2034. India's E-commerce platform has the potential to grow four folds by 2022, if supported by rising income, growing internet users. Through the various campaigns like Digital India, Startup India, eKranti government of India is aiming at India's Internet economy to get doubled by 2022 from US$ 125billion to US$ 250billion. The growth of E-Commerce business was witnessed by several factors as discussed below.

FDI POLICY AND E-COMMERCE

Government of India relaxed its FDI rules in April 2016 in E-commerce sector.It allowed 100 percent FDI in B2B through automatic route to promote E-Commerce business in India. FDI policies are formulated to provide level playing field to all the participants. Draft National E-commerce Policy was also released by the Government in February, 2019.According to this draft no seller can be forced to sell their products exclusively on its electronic platform. It has also put restriction on the sale from single vendor and their aligned companies up to 25%, which could be a major setback for foreign players in E-commerce sector. Some of the FDI policy initiatives in this direction are given in the Table-1.

Table-1: FDI Policy in E-commerce Sector

Sector/Activity	**%of Equity/ FDI Cap**	**Entry Route**
E-commerce activities	**100%**	**Automatic**
Cash &Carry Trading/ Wholesale Trading (including sourcing from MSEs)	**100%**	**Automatic**
Single Brand Product Retail Trading	**100%**	**Automatic up to 49% Government route beyond 49%**
Multi Brand Retail Trading	**51%**	**Government**

Source: Compiled by Authors

There are two types of business model in e-commerce, market based and inventory based. They are discussed below.

Market based model of e-commerce - Market based model e-commerce entity acts as an intermediary and provides an electronic platform to both buyer and seller. Market based entities can engage in transaction with the registered sellers on B2B basis but cannot hold inventory. This model offersservices like shipment, delivery, payment gateway, logistic, call centre, rebranding and other fulfilment services. In the market based model 100 percent FDI is permitted through automatic route. Examples of Market based model are Flipkart, Amazon and Naaptol.

Inventory based model of e-commerce - Inventory based entities are the ones which offer their own products on the shopping website.They perform the entire process from the start-to-end, from purchasing the product, warehousing tilldispatching. FDI is not permitted in Inventory based model Example of such firms areJabong, Yepme etc.These two types ofmodels are shown in Table-2 given below.

Table-2:FDI in E-Commerce Activity

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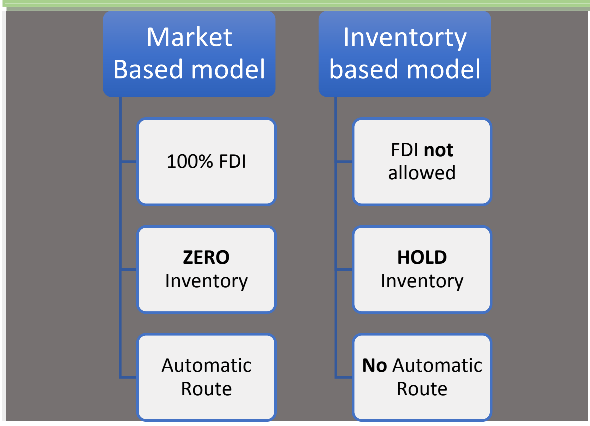


Source: Compiled by Authors

Government Initiatives

Favourable FDI policy and initiatives undertaken by Government in recent years have contributed to the growth of the E-commerce sector in India. Some of these initiatives are shown in Table-3 and 3a.

Table-3: Government Initiatives towards E-commerce business

Udaan	Internet Saathi	Umang	BharatNet
• Network – Centric • B2B platform • Small and Medium businesses • Bangalore, Karnataka • Focusses on Predictability • Over 80 cities	• Joint-initiative of Google & Tata Trust • Educate rural women • Digital literacy • Started in July,2015 • Rajasthan, Tamil Nadu	• Unified Mobile Application for New-age Governance • Multi-Channel • Multi Lingual • Launched in November, 2017. • An app-based interface	• National Optical Fibre Network • Renamed as BharatNet • Rural Broadband connectivity • World's largest network • Approved in Oct,2011. • PAN based

Source: Compiled by Authors

Table-3a: Government Initiativestowards E-commerce business

Digital India	E-Kranti	Pradhan Mantri Gramin Digital Saksharta Abhiyan

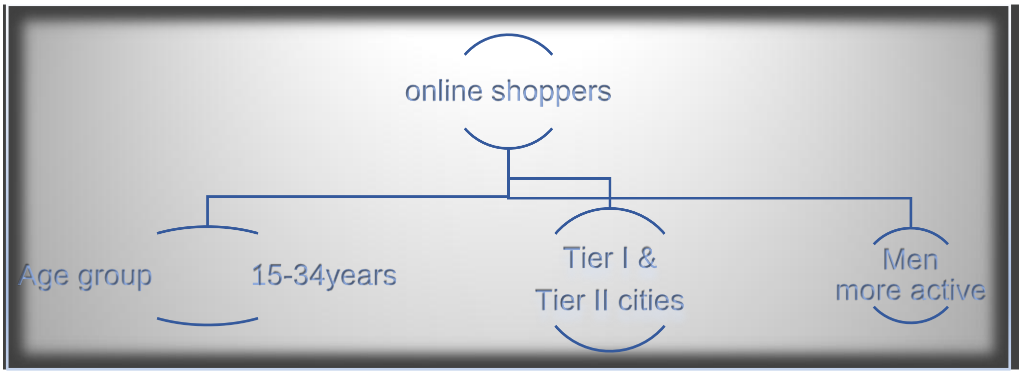
• Flagship Programme • Launched in July,2015 • Improved online infrastructure • Increased internet connectivity • Aimed at digitization of India.	• National e-Governance Plan 2.0 • Initiated in 2006 • Transforming e-Governance for Transforming Governance". • 44 Mission Mode Projects	• launched under Digital India program • Rural household digital literacy • Cover 6 crore rural people

Source: Compiled by Authors

Population Drivers

India is termed as the "Young Nation". Most of the online shoppers are in the age group of 15 to 34 years. Men are more active in online shopping because of our cultural differences. Majority of the online sales are done in Tier I and Tier II metro cities like Delhi, Mumbai and Bangalore. These population drivers are given in the Table-4.

Table-4: Population Drivers for E-commerce



Source: Compiled by Authors

E-commerce Retail Logistic market

Another factor driving E-commerce industry is retail logistic market. Retail logistic means flow of goods from the online seller to the customers through efficient logistic. The logisticincludes supply, warehousing, distribution, production and reverse logistic. Logistic is one of the major driver contributing to the growth of e-commerce retail industry. According to KPMG Report, "E-commerce Retail Logistics India", E-commerce retail logistic market is expected to grow at 36 percent CAGR over next five years.

Increased Smart Phone Users

Mobile is no longer just a medium of communication but is used more for entertainment and shopping. According to Mckinsey, “Indians are just behind China in mobile phone usage, with 1.2 billion mobile phone subscriptions and 12.3 billion downloaded apps in 2018.With the increasing availability of smartphones at affordable prices and high-speed connectivity has made India one of the largest and fastest growing economy in digitization.

Indian E-commerce industry has performed exceptionally well due to above mentioned factors and has attracted the “Big Deal”.

THE “BIG DEAL”

On 9 May 2018, the world giant Walmart Inc. acquired the largest Indian E-commerce company Flipkart for a whopping US$16 billion, for 77% stake in Flipkart, valuing India’s largest start up at US$ 21billion, making it the largest deal in E-commerce space globally. This deal has created a lot of curiosity among the consumers, new entrepreneurs, small and medium scale producers, online sellers and traders.

Walmart and Flipkart Deal

Background of the Combination

Walmart

Walmart was established in 1962 in Roger, Arkansas by Sam Walton and initially named as Walmart Discount City.It focused on the small town and rural markets and was officially incorporated as Wal-Mart Inc. in 1969.Walmart became the public traded company with its head office in Bentonville, Arkansas. Walmart opened its first Supercenter in Washington, Missouri as one stop shopping center offering general merchandising as well in 1988.By the year 1990, it became the largest retailer in U.S. Walmart opened its first international store in Mexico in 1991. Since then it has international presence in Canada, China, UK, Japan, South Africa, Brazil, France Chile and India etc. Currently Walmart is operating in28 countries with 11700 stores and nearly 265 million customers.

Walmart India which is the wholly owned subsidiary of Walmart Inc. opened its first store in Amritsar in 2010.It entered in a joint venture with Bharti group in 2012 as the 100 percent foreign direct investment was allowed by the Government of India in e-commerce B2B segment. Later on, in 2013, Walmart acquired Bharti group.

Flipkart

Flipkart is an e-commerce company incorporated in Singapore, was founded by Sachin Bansal and Binny Bansal in October 2007 with a meagre investment of Rs. 400,000. Flipkart was initially engaged in online book sales and later on it expanded to include wide range of consumer electronic goods, fashion, grocery, home appliances, beauty products, toys etc.with the help of the various acquired companieslike letsbuy, Myntra", Jabong, PhonePe as shown in Table-5. It currently holds a market share of around 39.5% in Indian E-commerce industry.

Table-5: Acquisitions by Flipkart

COMPANY	YEAR
eBay	2017
PhonePe	2016
Jabong	2016
FX Mart	2015
Adiquity	2015
Appiterate	2015
MapMyIndia	2015
Myntra	2014
Letsbuy	2012
WeRead	2012

Source: Compiled by Authors

The Combination of these two big giants offers various opportunities to Indian Economy at large and also throws many challenges for e-commerce industry.

“Big Deal” and Competition Commission of India(CCI)

According to CCI, in any competitive market, a market structure having fundamental factors like large number of players of different size and scales, ease of doing business and ease of entry and exit, the combination does not pose any competition threat, if it does not alter the horizontal and vertical competition.The horizontal integration means the parties are close substitutes whereas vertical integration implies parties on different levels, both type of integration might pose competition problem if they result in closing the markets for others.

On the basis of above observation, CCI has examined that the Walmart is engaged in B2B Sales as, no foreign direct investment can be made in B2C Sales, according to Foreign Direct Investment Policy of India. Walmart has 25 Best Price stores in 9 states and 2 Fulfillment Centers across India. Through its B2B segment, it offers wide range of products like food both fresh and frozen, fruits, vegetables, groceries, home care, clothing, general merchandise, hotels, restaurantand office supplies etc. to business categories like resellers, restaurants, hotel, offices, institutions and caterers. Walmart India also has e-commerce platform for its registered members only, whereby the members can access the virtual store and place an order. On the other hand,Flipkart is essentially engaged in B2B Sales but the B2B Sales is done only offline and not online. Apart from above, Flipkart is also engaged in B2C segment where its role is restricted to provide an electronic market place between the seller and consumers. So, basically it acts as an intermediary between retailers and buyers and it cannot hold inventory and sell as a retailer directly to consumers, according to the Foreign Direct Investment Policy of India. It also provides some ancillary services like payment services, advertising, logistics, courier, installation, repair, technology-based services, private labelling etc.

There is a horizontal overlap between the Walmart and Flipkart market segments, as both primarily deals in B2B Segment.However, there are certain important points according to which the horizontal overlap does not pose any competition. First, both are governed by the Foreign Direct Investment policy, which has clearly stated that B2B Sales is Wholesale trading, which means it should not be for personal consumption purpose. We have already seen that Walmart and flipkart are engaged in sales to business category(B2B), both offline and online medium. Second,according to CCI report both the parties are engaged in B2B segment but theyare not close substitutes although both the parties deal in almost same types of products but their dominance differs, like Flipkart have more dominance in the electronic products and mobile phones whereas Walmart is relatively strong in groceries. Third, according to Indian Brand Equity Foundation (IBEF) report, combination accounts for less than 5 percent of the total B2B Sales which is again very insignificant for any possible competition concerns. Competition Commission of India have found that there are no vertical overlaps between the parties as Walmart is strictly engaged in B2B Sales and Flipkart just provide an electronic platform to other sellers to market their products to consumers.CCI in its final verdict stated that this combination will not alter or create competition concerns by creating monopoly or eliminating the major players from the market, instead this combination will offer plethora of choice to customers.

India’s Anti-Trust Regulator body, Competition Commission of India(CCI) has approved the deal on the basis of the above assessment discussed in the previous paragraphs. Out of total deal of US$ 16billion, US$14billion being pocketed by the foreign investors in the company and remaining US$ 2billion were infusedin the form of fresh equityin Indian economy. This deal has triggered an unrest and protest by small traders all over India fearing that the deal will result in creating monopoly in the market and will drive them out of business. However, CCI has made significant observation about the deal ruling out the competition issues.

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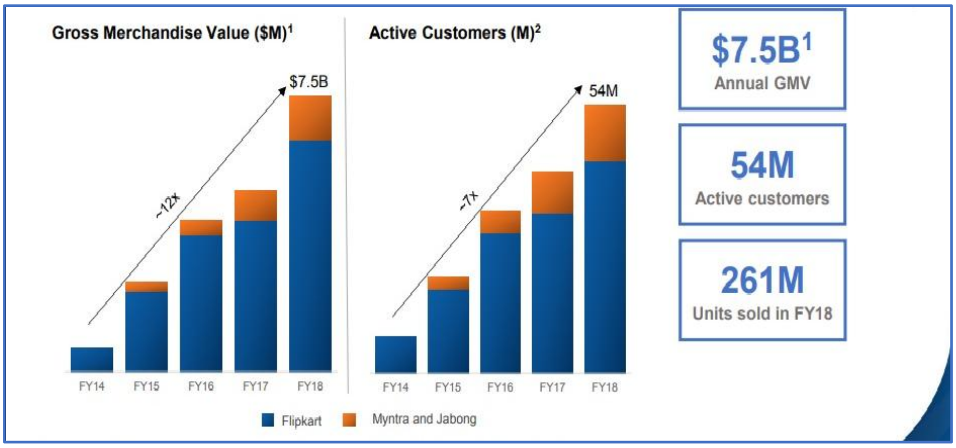
JUSTIFICATION FOR THE DEAL

Micro View

Big deal offers major opportunities to both the parties.Walmart is one of the largest retail company not only in U.S but all over the world but it is still quite behind its Competitor Amazon in terms of its on-line presence. Amazon is one of the top five companies of the world in terms of the market-capitalization(Amazon, Alibaba, Naspers, Kering, and eBay). Amazon has already captured the E-commerce industry in US leaving Walmart far behind. Even with its repetitive efforts Walmart is not able to compete with Amazon in the US e-commerce market. Since e-commerce is one of the fastest growing industry in the world and realizing that omni-channel distribution systems is the need of an hour. Walmart is forced to move to cross-border territories like India to explore the e-commerce platform. Walmart has its off-line Cash and Carry Wholesale stores in India since 2010, but in 2018 it entered into the"Big Deal" with Flipkart mainly because of two reasons; first,Walmart has realized that it will lose its international market as well to its major competitor Amazon, unless it enters online medium and second, who else better than Flipkart to combine with, in India, where it holds around 39.5% market share of E-commerce industry, which is the highest.

Table-6: Growth of Flipkart Group



Source: Walmart Investors Presentation

Flipkart Group have shown significant growth over the last five years as shown in Table-6 above. Gross merchandise value(GMV) indicates the total sales for the past five years on Flipkart's portal without taking into account the returns. The total value of the order processed have increased to US$7.5 billionsand the total active customers have increased 7 times and in the year 2018 alone, 261 million units were sold on its platform.

Flipkart on the other hand holds the majority of market share, but recently it is passing through a tough phase. Flipkart isfacing severe cash burns and its loses have gone up to over Rs 8,000 crore. The deal is expected to bring a great relief to Flipkart in the form of Cash infusion,

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which will not only help Flipkart to cover its losses, butalso help in improving, strengthening its financial condition and expanding its business into new products like food and grocery. It can easily expand its horizon and venture into medium-to-long-run businesses and revive its old strategy to vast discounting to satisfy its customers with the support of Walmart. It has been observed Walmart has the most sustainable supply chain model in the world. Flipkart can become one of the most profitableand sustainable business models in the near future if it uses Walmart's supply chain model effectively and efficiently.

Macro View

Apart from benefiting the concerned parties at micro level, this deal will also benefit the Indian E-commerce industry and economy as a whole. This huge investment by the world giant in Indian E-commerce sector, has thrust the confidence of the investors in Indian e-commerce industry and it will further attract more investors in near future. Besides the investment, this deal will result in creating new employment opportunities to both skilled and unskilled Labour. E-commerce industry is the fastest growing sector, still it is drying up due to lack to liquiditybecause of policies like demonetization and GST. This deal will help the overall economy in recovering from the liquidity crunch. Walmart is extensively engaged in research and innovation, which can be adopted by Indian firms as they will learn from technology spill overs.The"Big deal" will not only revamp the business models, but also focus on broad based growth of such business models. The combination will generate tax revenue for the government of India.The sustainable growth of e-commerce business is based on better supply chain model, logistics, infrastructure and warehousing facility. Since Walmart holds the extensive experience in all these areas, if it is shared with Indian firms, it will add to the growth of not only the E-commerce industry but also agriculture and infrastructure sector. With all this investment, innovation, best practices, adoption of better technology and business model, efficient supply chain, will benefit Indian economy at large.

SUSTAINABLE BUSINESS MODELOF WALMART

According to Oliver G., Karolin F, and Michaela C (2014) Business model defines who your customers are, what you are selling, how you produce your offering, and why your business is profitable. Who-what-how-why describes a business model of which the first two (who and what) address its external aspects and the second two (how and why) address its internal dimensions.According to Rappa (2000) In the most basic sense, a business model is the method of doing business by which a company can sustain itself—that is, generate revenue. The business model spells-out how a company makes money by specifying where it is positioned in the value chain.

According to Breuer, H. &Lüdeke-Freund, F. (2014)A sustainable business model can be defined as a business model that creates, delivers, and captures value for all its stakeholders without depleting the natural, economic, and social capital it relies on.According to Schaltegger et al., (2012) Sustainable business models "create customer and social value by integrating social, environment, and business activities".

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Walmart's Business model core value lies in "saving people money so they can live better". The main components of Walmart's Business modelare:

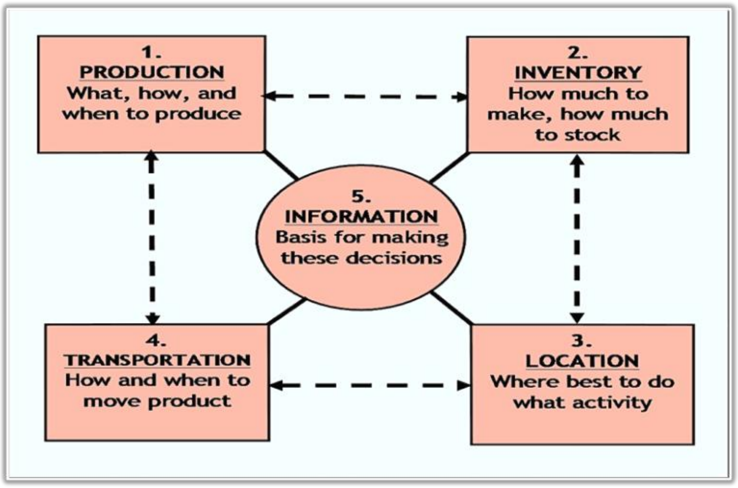
- **Price Leadership**
- **Innovative Supply Chain Management**
- **Low Operational Costs**
- **Cheap Acquisition**
- **International Presence**

Price leadership- Walmart has always maintained its leadership in the retail market through its "Everyday low prices" strategy. It focuses on selling the quality products at the lowest prices in the most convenient manner.Walmart deals in large sales volume, offers wide range of products through its multiple store's formats like Supercenters, Discount stores and Neighbourhood markets to serve its customers well. So basically, it aimed at providing wide range of products to wide range of consumers from all classes at the prices lower than its competitors under a single roof making the entire shopping experience very convenient for its customers.

Innovative Supply Chain Management- According to Chopra and Meindl (2001) A supply chain consists of all stages involved directly or indirectly, in fulfilling a customer request. The supply chain not only includes the manufacturer and suppliers, but also transporters, warehouses, retailers, and customers themselves. According to Lambert, Stock and Ellram (1998) A supply Chain is the alignment of firms that bring products or services to market.

Supply chain management is an integral part of every firm. The right combination, coordination and integration between the supply chain drivers is necessary for the customers satisfaction. Efficient supply Chain management gives distinct competitive advantage to the companies by having the right combination of these five drivers as shown in Table- 7.

Table-7: Five Major Supply Chain Drivers



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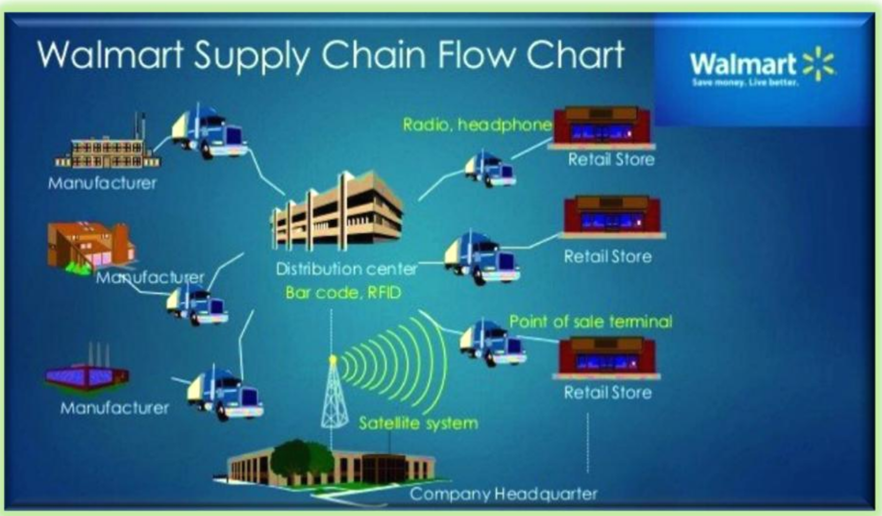
Source: Supply Chain Management: Strategy, Planning, Operations by Chopra and Meindl

Walmart is globally known for its efficient supply chain management system. It firmly believes, efficient supply chain is must for the sustainable growth of any business model (Hugos, 2018). Strategies, Concepts and the techniques adopted by the Walmart to build, strengthen and control its supply chain are now regarded as the industry standards like Expanding around Distribution Centers, Everyday low prices, Electronic data interchange (EDI) with suppliers and big box store format etc. Its supply chain management is considered to be the most innovative, and its strength lies in the logistic management. Walmart uses its own fleet of trucks and has more than 7800 skilled drivers.Drivers are trained on regular basis to use the most efficient route, so as to minimize the fuel consumption by eliminating the empty miles and maximize the merchandising delivery, Barcodes and RFID were first used by the Walmart for its inventory management. Walmart buys directly from the manufacturer, eliminating the middlemen and suppliers, maintaining its own warehouses, helps in maintaining smooth flow of inventory to its stores and customers.Walmart is managing inventory between the company and its supplier through shared data basehaving all the information of the PoS (Point of sale) data, warehouse inventory and retail sales data. This is shown in Table-8 below.

Table-8: Walmart's Supply Chain Management



Source: Walmart.com

Low operational costs -Walmart believes in minimising the operational and overhead costs.Size and scale of operations provide a distinctive advantage to Walmart and has helped in maintaining the lower cost of operations. Walmart spends considerable expenditure on salaries, working conditions, improvement and training of its employees, so as to reduce labour turnover and improve efficiency.

Cheap Acquisition -The size and large scale of operations provide better bargaining power to Walmart to purchase goods from the suppliers at the least prices.

International Presence -Walmart carries out its operations in 28 countries. It focuses on expandingits operations to the new markets, having higher growth potential. Global presencehas helped Walmart in reducing costs, expanding its market share, and becoming more competitive.

Besides the economic viability of Walmart's business model, its approach towards social responsibility which includes Environment, Society and Governance (ESG) plays major role in making its business model sustainable. It aimed at enhancing the sustainability of its operations and supply chains without impacting the environment. Walmart is focussing on using the renewable sources for electricity, eliminating the waste in operations. It has reduced its global waste by 78 percent in 2017. Projects like Gigaton and Mango block chain areundertaken by Walmart for environmental sustainabilityas shown in Table- 9.

Table-9:Environment: Vision & Mission

Vision	Mission
• Eliminating Waste in the Operations • Reducing Emissions and energy intensity • Advancement in Food Safety • Making Supply Chain more transparent and measurable • Reducing Environment impacts • Conserving and restoring natural habitat • 100% renewable energy	• 78 percent of the global waste reduced by 2017 • Project Gigaton • Food safety projects in China • Mango block chain pilot project • Usage of Sustainability Index • Fertilizer optimization programs in 34 million acres

Source: Compiled by Authors

As far as social aspect is concerned Walmart has vision for promoting worker 's dignity reducing hunger, expand disaster relief program etc. in order to achieve these visions it has set the

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missions like increasing the women participation in total U.S workforce, undertaking training programs for small and medium scale farmers and pursuing standard business practices as shown in Table- 10.

Table-10:Society: Vision & Mission

Vision	Mission
• Growing Local talent • Fostering Inclusion • Worker dignity • Relieving Hunger • Disaster relief • Socially responsible	• Training local of small-medium scale farmers, spent more than US $ 1million • Women participation 30 percent- company officers 55 percent- total U.S. workforce • Standard business practice • Reintegrating veterans

Source: Compiled by Authors

Besides the environment and society, Walmart has also addressed the issues relating to governance by its vision like data privacy, cybersecurity etc. For the purpose Walmart is making its supply chain more transparent and measureable, increasing the global compliance and enhancing ethics and business practices.This has been shown in Table- 11.

Table-11: Governance: Vision & Mission

Vision	Mission
• Improving Cybersecurity • Data Privacy • Reliable Information Systems • Ocean disclosure report, 2017	• Making Supply Chain more transparent and measurable • Standard business practice • Enhancing Ethics and Compliance • 14 Global Compliance

Source: Combined by Authors

Walmart India

Global Sustainability Report of Walmart mentions the vision and mission for Walmart India. It has the vision of using 100 percent renewable source of energy, training programs for the small-scale farmers, providing grants to agribusinesses, increasing the women participation etc. In order to realise the vision, it has expanded its solar rooftop up to 90 percent, introduced new market access strategy and it is one of the best in 100 companies for women as shown in Table-12.

Table-12: Walmart India: Vision & Mission

Vision	Mission
• 100% Renewable & Solar energy • Initiative by AVTAR and Working Mother Media • Growth of Small-scale farmers • US$2 million grant to Agribusiness System International	• Expanded solar power rooftops- 90% • Spot in Best 100 Companies for women • Introduced New Market-access strategy • Andhra Pradesh Farmer Market Readiness Project

Source: Compiled by Authors

Sustainability Index used by Walmart

Walmart is regarded as one of the most sustainable company of the world. According to the survey conducted by Pure Strategiesin 2015, it is the leading company inspiring for investment in product sustainability in U.S. Since 2005, Walmart has focused on reducing waste, greenhouse emissions and saving water. It is the first company to use scientific sustainability index. Table -13shows how the sustainability index is used in consumables, health and wellness category. The suppliers are given ratings on the broad parameters like Priority Chemicals, Packaging and Deforestation. Green, Yellow, Orange and Red ratings are given, where green ratings imply best performance and red shows the worst performance on the given parameters. After assigning the ratings, scoreboard of each supplier is prepared. Scoreboard is studied, analysed and evaluated to find the gaps and then accordingly suggestions are provided to the suppliers to improve their performance in priority areas.

Table-13: Sustainability Indexof Walmart(Consumables, health and wellness- top 10 supplier's category scoreboard)

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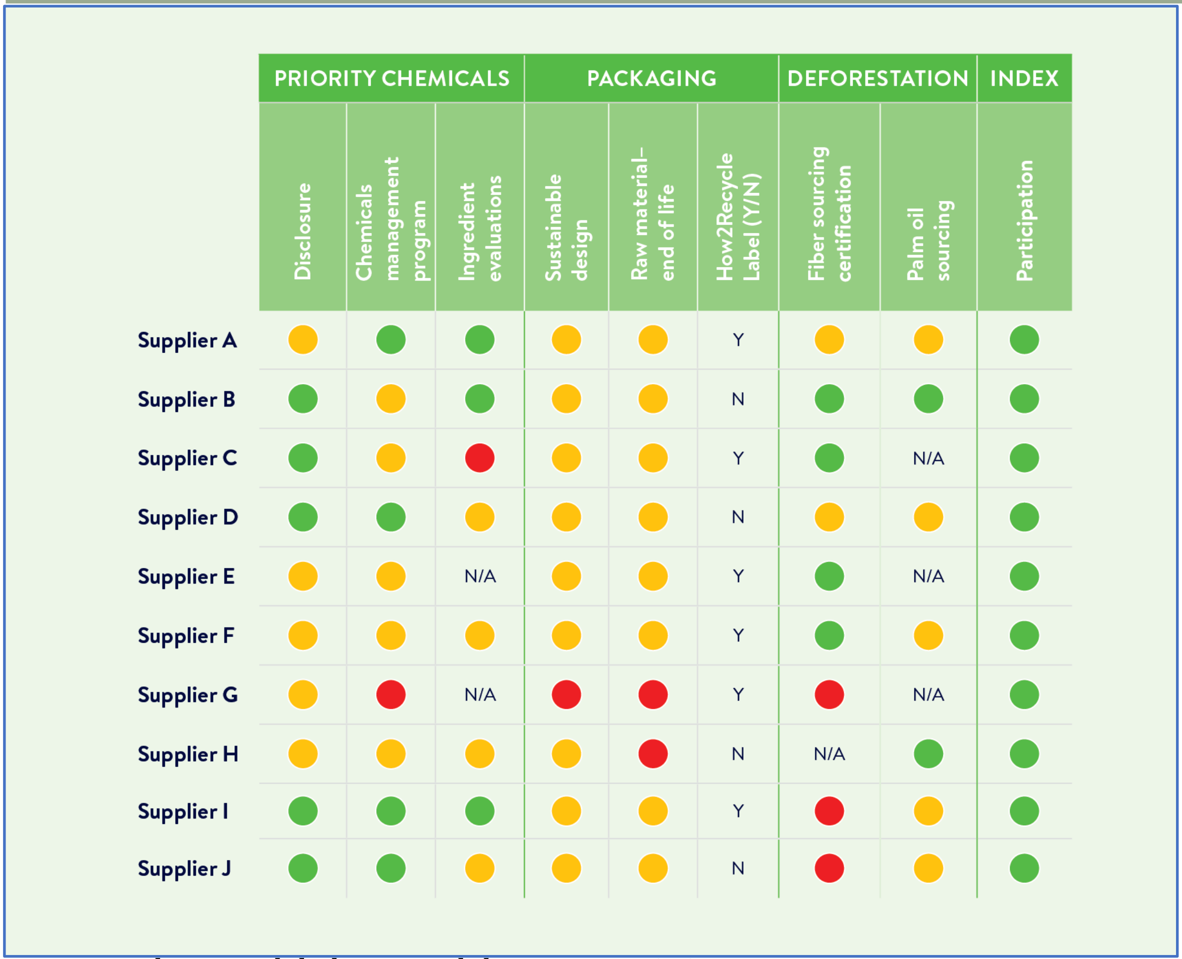
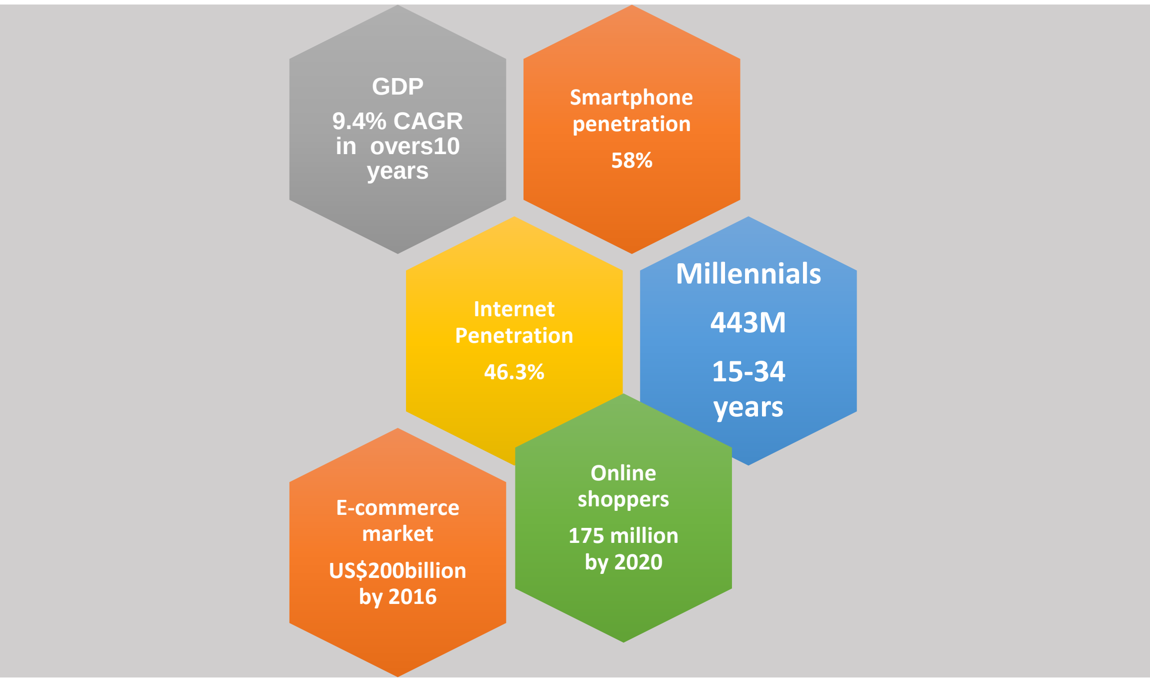


Source: Walmart's Global Sustainability Report, 2018.

CONCLUSION

Indian E-commerce industry have shown an upward trend in recent past and soon expected to become second largest industry in the world. The paper has sought to analyze the importance of the deal between Flipkart and Walmart for the Indian E- commerce industry and how it is going to revolutionize the e-commerce business.E-commerce industry is one of the fastest growing sector in India and has a great potential for future because of the favorable economic conditions as shown in Table-14 given below. In the current scenario business houses are not just satisfied with making profits but to sustain their businesses and to have long term prosperity they are expected to create value for their customers, business and society, in such a way that it enhances the economic opportunity, environmental and social sustainability. With the entry of world's most sustainable firm Walmart, Indian economy will not only reap the benefit on economic front but is expected to address the environmental, social and governance issues. It is also anticipated that the deal is further going to create economic opportunities for the business, for the people in supply chain and for the communities in general. Deal has opened economic opportunity in retail and retail supply chain. It has also shown the path to enhance the sustainability of operation and value chain.

Table- 14: Long-term future growth Potential



Source: Compiled by Authors

This deal though has opened various opportunities but at the same time has thrown significant challenges for the country. First, Though the global prosperity may have increased, so has inequality, growing skill gap and increasing population may put more pressure on climate, natural resources and waste management.Second, the deal is against the spirit of "Make in India" program. Third, this deal raises concerns about the safety of big data of Indian customers. Fourth,Walmart is present in China as well, so there is a possibility that it acquires its goods from China and sell in India. Fifth, developed countries like China does not allow foreign investment which might dominate their digital economy, we also need to keep a check on this. One must focus to build skill based employment opportunities, to include every member of community. In order to address these issues and to prevent exploitation, Indian Government must come up with National E-commerce policy.Though the draft E-commerce policy existand amendmentshave been made in new draft policy 2019, relating to cap sales from single seller on electronic platform up to 25% is a good measure to avoid monopoly tendencies. Ministry of commerce and industry for the first time have asked the internet companies to submit the detailed report of their operations, salesand most recently government have also asked the foreign E-commerce marketplaceslike Amazon and Walmart to upload FDI compliance report, prepared by the statutory auditor on their website, are good initiative towards this direction. Since the Walmart's business model is the most sustainable, if the Indian e-commerce industry also follows the footprints of their business model, business in India can become innovative, transparent and sustainable. At the end, we can conclude that **"the Deal" is expected to benefit the stakeholders, customers, associates, suppliers and communities in India and can prove to be a game changer for the India E-commerce industry.**

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