

## **Session-8 (December 3, 2021), Paper-3:**

How Selling Online is Affecting Informal Firms in South Asia

Authors: Maurizio Bussolo, Akshay Dixit, Anne Golla, Ananya Kotia, Jean N. Lee, Prema Narasimhan and Siddharth Sharma

Summary: Understanding how e-commerce platforms are affecting small, informal firms who sell on them is a question of growing importance to researchers and policymakers in developing countries. We examine this question using data from surveys of firms selling on two e-commerce platforms in South Asia. The businesses selling on these platforms range widely in terms of size, degree of formalization and other characteristics. However, these firms - even the micro and small-sized ones which tend to be informal - are from a selected group, being owned and managed by individuals who are more educated and younger than the owners and managers of more typical firms in this setting. The sellers' main reason for joining the platforms is to access more customers. The majority of the sellers report an expansion in their business after joining the platforms. They also report an increase in their incentive to register their business and their visibility to tax authorities. Other, less widespread channels of impact reported by firms include the adoption of new or improved business practices and technologies, better access to finance and greater flexibility in balancing home and work life. In general, these reported impacts do not vary significantly by firm size and degree of formalization, suggesting that even informal, small-sized firms who have (selectively) joined e-commerce platforms are able to benefit from the greater market access facilitated by the platforms. Finally, given size and age, firms that have been selling on the platform for a longer period of time are more likely to experience these impacts, suggesting that firms learn how to use the platform more effectively over time