

A Study of Impact of E-Commerce on Indian Economy

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A) Abstract

E-commerce is one of the fastest growing segments in the Indian economy. E-commerce is a paradigm shift which provides various advantages to the consumers in form of availability of goods at lower cost, wider choice, saves time. E-commerce is growing rapidly across the world. Electronic Commerce not only just buying and selling products and services online but also includes the whole online process of developing, marketing, selling, delivering, servicing and paying for products and services. Its growth and its benefits of E-commerce are not only seen in developed countries but also visible on developing countries too. E-commerce plays an important role on developing India economy towards the global reach. E-Commerce is great platform to Develop and understand economic and social growth in Indian economy." Because of globalization, liberalisation, relaxation in imports and exports between nations, economies across the world will witness better knowledge and information technology growth E-commerce is playing an important role on Indian economy by increasing revenue generation, larger amount of job creation in Information Technology sector in a developing nation. E-commerce is the India's fastest evolving market with annual multifaceted growth rate (CAGR) 52% to touch USD 36.7 billion by 2020.

The Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. It is projected to cross \$100 billion within the next five years which will contribute more than 4% to India's GDP. This paper reveals the impact of ecommerce on Indian economy.

Keywords – E-commerce, Indian economy, globalisation, GDP,

B) Introduction

Electronic commerce is a one of the most important part of the information technology revolution which became widely used in the world trade in general and Indian economy in particular. E-Commerce stands for electronic Commerce which means dealing in goods and services through the electronic media and internet. Now a days there is a tremendous growing rate of awareness among businessman's about various opportunities offered by E-commerce-commerce business is not only connected to urban area but also it is widely connected in villages too. India is showing the increase of smartphones and internets are mostly contributing to the growth of e-commerce. Convenient payment process, speedy delivery of product, high discount, customer friendly policies and easy returns are driving more customers towards online shopping.

C) Definition Of E-Commerce

“Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions.” Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.



D) Objectives Of The Study

The main objectives of the study are,

1. To study what E-commerce mean?
2. To study the impact of E-commerce on Indian economy.

E) Methodology Of Study

In this paper the data is collected secondary in nature. The data related to this above paper is collected from journals, Books, magazines, research papers, publications from ministry of finance, government of India and through internet. In this paper exploratory research is used to present and understand the research topic.

F) Significance Of Study

The main significance of this study is to present the current scenario of growth of E-commerce in India. And another significance is to study how the E-commerce impact on Indian economy in positive way.

G) Limitations Of Study

This paper is based on secondary data so that this paper possesses all inherent limitation of secondary data. And in this paper no primary data is used. Time constrain is also one of the limitations of this study.

H) Introduction To E-Commerce



There is no general definition of electronic commerce, but generally e-commerce is defined as E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network. According to Roger Clarke, electronic commerce is defined as the conduct of commerce in goods and services, with the assistance of telecommunication and telecommunication-based tools. E-commerce is supported by electronic business.

Electronic commerce introduced various technologies such as mobile commerce, electronic

funds transfer, supply chain management, online marketing, online

transaction processing, electronic data interchange (EDI), inventory management systems, and

automated data collection systems. Modern electronic commerce typically uses the World Wide Web and e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music customized/personalized online liquor store inventory services.

There are three areas of e-commerce: online retailing, electric markets, and online auctions.

I) Types Of E-Commerce

There are different types of e-commerce, which are as follow,

1. BUISNESS TO-BUISNESS (B2B) – In this type of E-commerce of all electronic transactions of good or services conducted between 2 companies. This type of e-commerce includes intra system and electronic markets.
2. BUISNESS TO CUSTOMER (B2C) – In this type of E-commerce the transactions are carried out in the retail trade with individual buyers. This typical buyer of any store on the site is a consumer or a buyer.
3. CUSTOMER TO CUSTOMER (C2C)- in this type of e-commerce consumer sells its product directly to consume.
4. CUSTUMER TO BUISNESS(C2B)- In this type of e -commerce, individual consumer of goods or services sells their product to organisation.
5. BUISNESS TO GOVERNMENT (B2G) – In this e-commerce section it compromises of commerce between companies and public sector is listed.

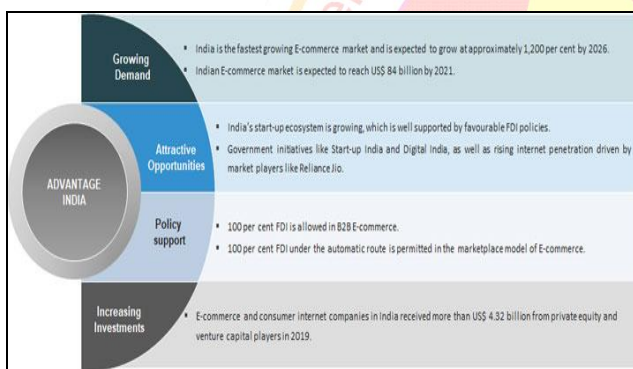
J) Impact Of E-Commerce On India S Economy

E-commerce in India is growing not just because of the internet penetration is increasing but also due to the favourable ecosystem developed by the market. E-commerce and electronic applications in automation has brought in tremendous growth in India. E-commerce is connecting rural India for the business hence develop village economy. According to NATIONAL REPORT OF E-COMMERCE DEVELOPMENT IN INDIA, it was clearly stated that there is increase in internet penetration in India to very large extent. Internet user increases to 429.23 Million in 2017 which is expected to take a huge upward trend to 829 million in 2021, which will thus help internet economy of India to grow significantly.

With the increase of digital penetration and increase of internet penetration in Indian context, it was thus needed to link between the growth and impact of e-commerce in context of Indian scenario.

With the increase in digital buyer, it was quite clear the internet penetration will thus also ultimately rise to certain extent, also as we have studied in earlier paper that m-commerce has also increased significantly thus lead to growth in m-commerce. Thus, with the advancement of technology and increase in share of smartphone and internet operators it was quite clear that internet penetration was much needed to make a more significant impact on the Indian market.

In the union budget of 2017-18 government has allocated us\$1.55 billion to Bharat Net project.



Accordingly, E-commerce tremendously increases the business growth on Indian economy. The Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. Most of the growth is done through internet and smartphone penetration. India's E-commerce revenue is expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 per cent, the highest in the world.

K) Market Size

Online retail sales in India is expected to grow 31 per cent to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall.

Internet penetration in India grow from just 4 per cent in 2007 to 52.08 per cent in 2019, registering a CAGR of 24 per cent between 2007 and 2019. The number of internet users in India is expected to increase from 687.62 million as of September 2019 to 829 million by 2021.

L) Investments/ Developments

Some of the major developments in the Indian e-commerce sector are as follows:

1. In January 2020, Divine Solitaires launched its E-commerce platform.
2. In February 2020, Flipkart set up a 'Furniture Experience Centre in Kolkata, its first offline presence in eastern India.
3. In April 2020, Reliance Industries (RIL) started home delivery of essentials in partnership with local kirana stores in Navi Mumbai, Thane and Kalyan.
4. In April 2020, Swiggy received an additional US\$ 43 million funding as part of its ongoing Series I round.
5. In May 2020, PepsiCo India partnered with Dunzo for its snack food brands that include Lay's, Kurkure, Doritos and Quaker.
6. In May 2020, chocolate maker Hershey India partnered with Swiggy and Dunzo to launch their flagship online store in order to increase reach.
7. In Union Budget 2020-21, Government has allocated Rs 8,000 crore (US\$ 1.24 billion) to BharatNet Project to provide broadband services to 150,000-gram panchayats.
8. In August 2019, Amazon acquired 49 per cent stake in a unit of Future Group.
9. Reliance will invest Rs 20,000 crore (US\$ 2.86 billion) in its telecom business to expand its broadband and E-commerce presence and to offer 5G services.
10. In September 2019, PhonePe launched super-app platform 'Switch' to provide a one stop solution for customers integrating several other merchants' apps.
11. In November 2019, Nykaa opened its 55th offline store marking success in tier II and tier III cities.

M) Government initiatives

The Government of India has announced various initiatives, Such as Digital India, Make in India, Start-up India, Skill India and Innovation Fund. Some of the major initiatives taken by the Government to promote E-commerce in India are as follows:

Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019. The Government of India release introduced the Draft National E-Commerce Policy to motivate FDI in the marketplace model of E-commerce in October 2019.

For the purpose of the participation of foreign players in E-commerce, Indian Government hiked the limit of FDI in E-commerce marketplace model to up to 100 per cent (in B2B models). Heavy investment is done by the Government in rolling out fibre network for 5G will help boost E-commerce in India.

N) Achievements

Unified Payments Interface (UPI) recorded 1.25 billion transactions in March 2020, valued at Rs 2.06 lakh crore (US\$ 29.22 billion). Internet Saathi project benefitted over 26 million women in India which reached 2.6 lakh villages and 20 states. The Government of India introduces various initiatives under Digital India movement various initiatives like Udaan, Umang, Start-up India Portal etc.

The Government of India introduced Bharat Interface for Money (BHIM), a simple mobile based platform for digital payments.

O) Conclusion

Today E commerce has become an integral part of everyday. E-commerce is emerging as an important tool to certify exploding growth of Indian economy. With a rapidly growing internet penetration e-commerce offers an attractive option for the retailers to expand. To achieve this, there should be more investments in supporting infrastructure and innovative and game changing business models in India. ecommerce is also showing a tremendous growth in promotion of global business wiping out the barriers of boundaries between nations. It is also an integral part in GDP contribution. Imports of goods are also increasing through ecommerce which will benefit various sections of society in terms of knowledge, skills, technological advancement, and improved ways of marketing as well as employment. Digital marketing is also growing at faster pace as it's fast, cost effective and easy.

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