



Impact of E-commerce in Indian economy

B. vinay kumar

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Abstract:

The significance of e-commerce to the Indian economy is discussed in this study India's economy is one of the world's fastest growing, as we all know, so it is crucial to having a government intervention and a significant increase in investment flow foreign investment in a developed country like India will maintain and accelerate the development of its commerce sector. According to statistics data internet usage in India has climbed to 429.23 million users and its anticipation to reach 830 million by the year of 2021 as a result of the country's strong expansion in digital penetration. E-commerce has the potential to help developing rural areas in nations like India leapfrog into the knowledge paradigm which is one of the most significant benefits of the -Industry. E-commerce is great platform not only to the develop infrastructure but also increase employment rates in India and thus overall impact in increasing economic and social growth in Indian economy. One of the most significant benefits of e-commerce for a commerce is a terrific way to build infrastructure as well as raise employment rates in India, which will have a positive overall impact on the country's economic and social development.

Key words: Economic growth, E-Business, E-Commerce, Indian economy, Social -development

I. Introduction:

In recent years India has experienced a boom in internet and smartphone in 2021 increased significantly to 830 million, driven by the digital India program. Out of the total internet connections, 55% of connections were in urban areas, of which 97% of connections were wireless. The smartphone base has also increased significantly and is expected to reach \$1 trillion by 2030. This rapid rise in internet users and smartphone penetration coupled with rising incomes has assisted the growth on India's e-commerce sector. India's e-commerce sector has transformed the way business is done in India and has opened up various segments of commerce ranging from business -to-business(B2B), Direct-to consumer(D2C) and Consumer to

business(C2B). Major segment such as D2C market is expected to reach \$60 billion by FY27. The overall e-commerce market is also expected to reach \$350 billion by 2030, and will reach \$21.1% growth in 2022 and reach \$74.8 billion.

What is e-commerce:

There is no general definition of electronic commerce but generally e-commerce is defined as (electronic commerce or EC) is the buying and selling of goods and services or the transmitting of funds or data, over an electronic network, primarily the internet but also all other activities which are associated with any transactions such as:

- Delivery
- Payment facilitation
- Supply chain and service management can also be categorized or put under this section of economy

E-commerce increased the growth of online business. It can be categorized under

- Online marketing
- Product delivery
- Product service
- Online billing
- Online advertising
- Online sales
- Online payments

Thus, electronic commerce deals with all the workloads related to internet. It also describes the exchange of data between the financing, billing and payment aspects of e-business transactions. Generally- e-commerce and e- business used interchangeably.

Different types of e-commerce:

There are different types of e-commerce, we will examine five basic types of e-commerce in this research paper.

Business to business(B2B)

It comprises of all electronic transactions of goods or services conducted between z companies. This type of e-commerce includes intra system and electronic markets.



Business to consumer(B2C)

This transaction carried out in the retail trade with individual buyers. This typical buyes of any store on the site is a consumer or a buyer.

Customer to customer(C2C)

In this type of e-commerce customer to customer sells its product directly to customer.

Consumer to business(C2B)

In this category of e-commerce, individual consumer of goods or services sells their product to organization.

Business to government(B2G)

In this e-commerce section it comprises of e-commerce between companies and public sector is listed.

Objectives of the study

The main objectives of the study are:

- To study the impact of e-commerce on Indian economy
- Market size
- Government initiatives

Research methodology

Secondary data-various research paper of similar type have been referred to check for the analyzation of data. Other than this, various scholar and data from other certified bank and source are used to collect data which is interpreted further for data analysis.

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 favorable ecosystem developed by the market. E-commerce and electronic application in automation has brought tremendous growth in India. E-commerce is connecting rural India for the NATIONAL REPORT OF E-COMMERCE DEVELOPMENT IN INIDA, it was clearly started that there is increase in internet penetration in India to very large extent. Internet users 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 on earlier paper that m-commerce has also increased significantly thus lead to growth in m-commerce has also increased significantly thus need to growth in m-commerce. Thus, with the advertisement of technology and increase in share of

smartphone and internet operations 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 \$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 \$200 billion by 2026 from \$38.5 billion as of 2017. Most of growth is done through internet and smartphone penetration. India's e-commerce revenue is expected to jump from \$39 billion in 2017 to \$120 billion in 2020, growing at an annual rate of 51% the highest in the world.

Market size

The Indian online grocery market is estimated to reach \$26.93 billion in 2027 from \$3.95 billion in FY21, expanding at a CAGR of 33%. India's consumer digital economy is expected to become as \$1 trillion market by 2030, growing from \$537.5 billion - in 2020, driven by the strong adoption of online services such as e-commerce and edtech in the country. According to grant Thornton, e-commerce in India is expected to be worth \$188 billion by 2025. With a turnover of \$50 billion in 2020, India became the eight largest market for e-commerce, trailing France and a position ahead of Canada.

Propelled by rising smartphone penetration, the launch of 4G network and increasing consumer wealth, the Indian e-commerce market is expected to grow to \$200 billion by 2026 from \$38.5 billion 2017.

After China and the USA India had the third-largest online shopper base of \$150 million in FY21 and is expected to be \$350 million by FY26. Indian consumers are increasingly adopting 5G smartphones even before the rollout of the next-generation mobile broadband technology in the country. Smartphone shipments reached 169 million in 2021. With 5G shipments registered a growth of 55% on year 2021. Indian consumers are increasingly adopting the 5G smartphones even before rollout of the next-generation mobile broadband technology in the country. Smartphone shipments crossed 4 million in 2020, driven by high consumer demand post-lockdown. According to report published by IAMAI and Kantar Research, India's internet users are expected to reach 900 million by 2025 from 622 million internet users in 2020, increasing at a CAGR of 45% until 2025.

For the 2021, Festival season, Indian-e-commerce platforms generated sales with a Gross



merchandise value (GMC) of \$9.2 billion, a 23% increase from last year's \$7.4 billion.

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 releases introduced the Draft national e-commerce policy to motivate FDI in the market place 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% in (B2B models). Heavy investment is done by the government in rolling out FIBRE. Network for 5G will help boost e-commerce in India.

II. Findings

- There is an increase in digital penetration in India as more smartphones are utilized by the people of India.
- Which tends to increase m-commerce growth in India.
- There is an increase in internet penetration in India ranked 2nd in most internet users in the world.
- There is an increase in an e-commerce trend in India. Which increases in a contribution of e-commerce in India's GDP.
- Government is making necessary in continuous and schemes to promote in India.
- E-commerce of the nation is linked with the literacy rate of the nation, with more literacy and educated people there will be more e-commerce growth in a country.

III. 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 to expand. To achieve this, there should be more investments in supporting infrastructure and innovative and game changing models in India 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 e-commerce 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 fastest pace as its fast, cost effective and easy.

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