

## COVID 19: A BOON OR A BANE FOR E-COMMERCE IN THE INDIAN CONTEXT

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### ABSTRACT

*The emanation of Covid 19 pandemic, declared by the WHO, has put a halt in the surge of economy worldwide. Its impact on every sector of the economy was inevitable and hence the e-commerce sector couldn't escape from the disastrous wave of Covid 19. This paper is made to examine all the positive and adverse effects of Covid 19 and post Covid scenario of e-commerce in India. For this the researcher has referred data published by the IBEF and found that the market of e-commerce in India is expected to hit US\$ 99 billion by 2024 and US\$ 300 billion by 2030. India finished the FY 2020 with a turnover of US\$50 billion from e-commerce, making it the eighth largest market for e-commerce worldwide. Notwithstanding every imaginable roadblock at the onset of Covid 19 pandemic, Indian e-commerce sector has managed to tide over the fallibilities.*

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**Keywords:** Covid 19, Pandemic, E-Commerce, Indian Context.

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### Introduction

The deadliest pandemic of this decade, Covid-19, which hit almost every corner of the world has trembled India unprecedentedly. When the developed nations like USA, UK, Spain, Italy, Germany and many more were striving hard to survive the wave of Covid 19, India witnessed its first Covid case on January 29,2020, a 20-year-old student belonging to the state of Kerala who was returning from Wuhan, had the symptoms of the virus. Gradually it started spreading in the country like wild fire on account of which the Prime Minister called for "Janta Curfew" on March 22,2020 to arise awareness and consciousness among the public regarding this deadly virus. Two days later, on March 25,2020 the first phase of nationwide lockdown was imposed which continued till April 14,2020 followed by lockdown 2.0 continued from April 15,2020 to May 3,2020 and after extension it continued till May 31,2020. However, since June, the lockdown started to be lifted up, relaxations were giving in different parts of the country. With the flow of time things started to get normal with few restrictions until March 2021. The second wave of Covid 19 hit the nation in the month of March and this time it was worse. As per report of Down to Earth (DTE), total number of cases was roughly two and half times and death toll were 1.8 times respectively in 2021 in comparison to 2020. December 2021 was the worst month which holds the record of reporting 25.3 million new cases. The back-to-back outbreak of Covid 19 had pernicious influence in the economy. There was partial or total shut down in most of the industries which led to immense loss to the economy.

### A Brief Introduction about E-Commerce Sector

Electronic commerce commonly referred as 'E- Commerce' represents the trading activities of goods and services using internet network or through online mode. E-commerce business works on virtual mode where the customers visit the web portal of the particular e-commerce business using desktop/laptop, search their desired product/s and place the order with multiple payment options. Later on, the product is shipped by the e-commerce business by their logistic team and finally deliver at the

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door step of the customer with the help of local delivery partner. With the advancement in technology now customers can place their order from smart phone only using the application of the particular e-commerce business. Thus, e-commerce has widened the customer accessibility where customers are one tap away from their favourite e-commerce site.

### **Business Model of E-Commerce Business**

The operation of e-commerce business is similar to traditional business where quality product is delivered to customers at reasonable price. This arrangement is done by any e-commerce business depending on their nature of business model. An e-commerce business is run based on the following business models:

- Business to Consumer (B2C)
- Business to Business (B2B)
- Consumer to Consumer (C2C)
- Consumer to Business (C2B)

### **Overall Scenario of E-Commerce Sector in India**

E-commerce business can be traced back in late 1990s. However, it took momentum in 2002 when IRCTC launched its online reservation system and gradually people came to know about global leader Amazon and thus it marked the emergence of e-commerce in India. The Indian based e-commerce giant Flipkart contributed immensely in gaining popularity of e-commerce in India. The golden period in this segment has arrived with the launching of 4G network by Reliance Jio which acted as a revolution. With such technological advancement the number of active internet user in the country has increased immensely which is presently the second highest globally. Internet penetration in India has also shown a tremendous spike lifted up to 45 % by 2021. India has the third largest online shopper base of 140 million in 2020 only after China and US. In the study of (Punia, 2020) it was observed that retail sales of e-commerce sector in India increased from US\$ 16.2 billion to US\$ 46.05 billion from 2016 to 2019. As per report of IBEF the customers are found to use e-commerce mostly for buying of consumer electronics and apparels. The e-commerce sector of India is dominated by giants like Amazon, Flipkart, Myntra, Paytm, Shopclues, Nykaa, OLX delivering their products nearly 1,00,000 pincodes in the country. Among the shoppers of e-commerce, the age group of 25-34 years found to be the most active on the portals and popularity of web series among millennials is worth eye catching. However even after the Covid 19 crisis and economic downturn, the e-commerce industry in India witnessed a 17% upward trend post lockdown in order volume as of June 2020 (Komal, 2020).

### **Review of Literature**

Some previous research papers, articles are reviewed some of them are briefly stated below

**(Komal, 2020)** tried to make an attempt to examine the growth of e-commerce due to Covid 19. The researcher followed various data from secondary sources to fulfil the objective and found that during the period Feb to June 2020 the popularity of online trading increased by 17% even after striking hard by Covid 19 pandemic. Various sectors such as electronic, home appliances, fashion, health and pharma, and FMCG performed well at an average growth of 133% in sales. It is also observed that during this period electronic sector contributed the maximum revenue growth. States like Delhi-NCR, Maharashtra and Karnataka contributed 65% of the overall consumer demand in the country.

**(Nougarahiya, Shetty, & Mandloi, 2021)** conducted a study to examine the factors responsible for e-commerce growth in India post 2010 and emerging trends in the e-commerce industry in India. They also discussed the government initiatives taken for the boosting the e-commerce. In their paper the researchers briefly pointed out the impact of Covid 19 where he mentioned that Indian retail sector faced a loss of Rs 5.50 lakh crores since the lockdown was imposed due to Covid 19. The researchers also clearly stated that the listed-out strategies mentioned by them would not only bring significant wealth for our economy but can also lead us towards becoming an economic superpower.

**(Galhotra & Dewan)** attempted to study the impact of the Covid 19 pandemic on business observing at the change in customer buying trends and secondly another analysis has been carried out on the customer feedback based on many parameters like the usage, performance, security, usefulness, satisfaction factors, etc. of the digital platforms in the lockdown phases. The researchers used R for analysis of the data collected through online survey using google forms from 200 respondents. The researchers showed a detailed performance of various segments of e-commerce on the basis of different phases of lockdown.

(**Bhalekar, 2020**) in his article, tried to examine the effect of novel corona virus, its transmission in India and suggested ways to overcome it focusing on economy, employment, e-commerce and education. The researcher found that Indian National Stock Exchange showed a downfall and market collapsed from 1200 (Feb 15) to 8000(April 4) along with that 50% industries have to go for shutdown which directly impacted the economy of the nation. The pandemic affected the e-commerce as customers switched their demand for essential commodities and hence sale for style or footwear or gazettes have been declined. In education, a drastic switch was noticed where the education system shifted to online mode but many exams were postponed or cancelled due to the pandemic. As a consequence, govt. has developed e-portals like SWAYAM, e-pathshala, NPTEL, etc. A major cut off of employees was noticed as a result of stoppage of production due to restrictions imposed for Covid 19.

(**Punia, 2020**) in this study attempted to highlight the trends of e-commerce in India and analyse the importance of this sector during the Covid 19 pandemic. The researcher collected secondary data from various articles, journals and websites for the fulfilment of the said objectives. From the study it is found that turnover and revenue from e-commerce sector showed an increasing trend. Due to pandemic in spite of low demand and disruptive supply the growth in e-commerce sector has been suppressed to some extent though with remedial policies and strategies the distressed companies were able to find its track back. Moreover, the researcher made a comparison of net income between first quarter of 2019 and that of 2020 of Amazon, Flipkart, Just Dial Limited to reflect the impact of Covid 19 in e-commerce in India.

(**Tayade, 2021**) carried out a study to identify the role of e-commerce in business enhancement and change in consumer behaviour in Covid 19 pandemic situation. The research design is a structured framework and is based on secondary data. The researcher stated found that there is 40% increase in e-commerce since the declaration of emergency due to the pandemic and sudden surge in the sector has been noticed due to Covid 19 supported by consumers who started to prefer to buy retail products through online instead of traditional physical store thinking about their safety, convenience, etc.

(**Dinesh & MuniRaju, 2021**) conducted a study to examine the factors responsible for sudden surge in e-commerce during Covid 19 and to understand behaviour of online customers during Covid 19. The study was of explorative nature and collected secondary data. However, for the second objective primary data was collected through questionnaire from 195 respondents using convenience sampling method. The researcher listed factors like increase use of mobile phone, customers loyalty, etc acted as major factors responsible for high scale operation of e-commerce during pandemic. However, the researcher found consumers mostly bought home and kitchen essentials followed by personal and health care products and grocery products. The consumers were also found highly satisfied which helped in increased shopping frequency.

(**Chandra, 2021**) explained the advancement of commerce in the wake of technology by explaining the current state and challenges of system, their architecture, modernization and the innovation of cyber systems in E-commerce. The COVID-19 pandemic has rendered a high growth in the demand for e-commerce. The top E-commerce companies in India in terms of revenue generation in the year 2020 are Amazon, Flipkart, India Mart, Myntra, Snapdeal, First cry, 1mg, Bookshop, Nykaa and 2GUD. Moreover, the challenges faced by the e-commerce business amid and post-pandemic includes management of supply chains, mitigating consumer demand and handling of website traffic due to large number of customers accessing the e-commerce websites at the same time.

### **Objectives of the Study**

The paper attempts to achieve the following objectives:

- To study the positive effects of Covid 19 in the E-Commerce sector in India
- To study the negative effects of Covid 19 in the E-Commerce sector in India
- To examine briefly the post Covid scenario of E-Commerce in India

### **Research Gap**

In the previous literatures it is found that many works are done regarding the impact of Covid 19 in e-commerce in India, performance of e-commerce in pre and post Covid 19 in India, Reason for growth in e-commerce, etc but no study is made addressing on both positive and adverse impact. So, the researcher has focused on the said areas in this research paper.

### **Research Methodology**

The paper is of descriptive nature based on secondary collected from reports of IBEF, other journals, articles and websites. Positive and adverse effects are discussed after a thorough review of past works and annual reports.

## Results and Discussion

Despite being severely affected due to the Covid 19 pandemic the e-commerce sector has been able to produce some favourable outcomes in number of areas. From the report of IBEF (Indian Brand Equity Foundation) the following data are extracted to study the positive effects of Covid 19 in India on different parameters:

### • India's E-commerce Market

Year	Size of E-commerce Market (In US\$ Billion)
2018	21.90
2020	30
2021	84
2025	188(F)

Source: IBEF report February 2022, July 2021, www.statista.com

From the above collected data it is observed that market share of e-commerce sector jumped to US\$ 81 billion in 2021 from US\$ 21.90 billion in 2018. Approximately 284 % surge has been noticed. It indicates market capacity of e-commerce has been widened greatly post Covid 19 period. However, by the year 2025 the market share is expected to reach US\$ 188 billion.

### • E-commerce Sale in India during Festive Season

Year	Festive Season Sale of E-commerce (In INR Billion)
2017	60
2018	150
2019	190
2020	290

Source: IBEF report February 2022, www.statista.com

From the above collected data it is found that festive season sale of e-commerce showed the largest spike of Rs 100 billion in past four years. In comparison to 2017, such sale of 2020 is approximately 3.83 times which indicates the behaviour of consumer has changed to some extent due to Covid 19 as more people started to shop from home rather than going outside even for festival period.

### • Internet Connections in India

Year	Internet Connections in India (In Million)
2018	560
2019	412.6
2020	760
2021	830

Source: IBEF report February 2022, Jan 2021, July 2021.

In terms of internet connection, such figure has been significantly increased to 830 million in 2021 from 412.60 million in 2019. With more internet connection in the country more people will be able to avail the benefit of online shopping in the days to come. It has widened the doors for e-commerce sector in India.

### • Internet Penetration in India

Year	Internet Penetration Rate (%)
2017	34.40
2018	38.02
2019	48.48
2020	50

Source: www.statista.com

From the above-mentioned data, it is observed that internet penetration in India has been growing continuously. In the year 2020 it increased to 50% from 34.40% in 2017. However, India also has the highest data consumption rate worldwide at 14.1 GB data per person a month. With such a high number of internet users in the country a lot of positive results in e-commerce can be expected in the days to come.

### • Smart Phone user base in India

Year	Internet Connections in India (in Million)
2018	340
2019	502
2020	600
2022	859(F)

Source: IBEF report July 2019, Jan 2021, February 2022.

Number of smart phone users in India has been increased to 600 million in the year 2020 from 34 million in the year 2018 which is almost 76% surge. This figure is expected to reach 859 million by 2022. With the introduction of 5G technology people are also upgrading and seemed to accept the technological advancement rapidly. With such high number of smartphone users, the online business is going to be one tap away for majority of Indian people and the thus e-commerce is seemed to have a rosy future.

#### **Some Adverse Effects of Covid-19 for e-Commerce**

- **Shortage of Supply**

Due to instantaneous imposition of lockdown by the government, alarmed the customers and anxiety was seen among them regarding availability of daily need commodities. They started buying excessive quantities in order keep a decent stock of goods at home concerning about their future consumption. Such unpredictable and uneven demand by the customers led to shortage of supply nationwide.

- **Disrupted Supply Chain**

The lockdown and restrictions imposed by the government for contraction of spread of vicious Covid 19 has broken the entire supply chain. Manufacturing activities were seen standstill due to shut down of the units. This impacted in the passing of the commodities to the subsequent participants of the supply chain.

- **Delay in Delivery**

During lockdown period of Covid 19 every means of transportation was in halt. Such unavailability of air travel or train travel has impacted in the shipment of the commodities. In many places number of delivery boys were also found to get reduced significantly due to returning to their native village during lockdown. Moreover, imposition of various restrictions for declaration of containment zone, door step delivery was badly affected.

- **Excessive Website Traffic**

During the lock down phase where people were forcibly made stay at home, customer shifted to online stores for meeting their daily basic necessities. The use of web portals of online stores has increased drastically. Amid such sudden change in customers behaviour, e-commerce portals have faced tremendous traffic and hence failed to provide smooth service to the customers.

#### **Post Covid Scenario**

Notwithstanding the above-mentioned adverse effects of Covid 19, in the post pandemic period, the trajectory of e-commerce has shifted gears and showed promising results. With such rapid growth, the e-commerce sector is expected bring some major favourable results in the upcoming years as under

- E-commerce sales is expected to rise at a CAGR of 18.2% between 2021 and 2025 to reach Rs 8.8 trillion.
- In FY 21 India had the third largest online shopper base of 150 million which is expected to be 350 million in FY 26.
- Indian online grocery market is expected to grow at a CAGR of 33% and reach US\$ 26.93 billion in 2027 from US\$ 3.95 billion in 2021.
- Indian social commerce is expected to reach US\$ 16-20 billion in FY 25 at a CAGR of 55-60%.
- India's cross border e-commerce is expected to rise at 17.3% by 2022.
- With advancement and adoption e-commerce of sector, India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030 from US\$ 85-90 billion in 2020.
- India's e-retail market is expected to increase to US\$ 120-140 billion by FY26.
- Subscription based e-commerce companies like Amazon prime introduced by Amazon, Swiggy, Zomato, etc are increasing rapidly and have been successfully attracting customers. As of January 2022, Amazon prime subscribers reached 21.8 million.

#### **Conclusion**

The effect of Covid 19 in India is found to be two sided. In the initial phase of Covid 19, the economy was slow down due to the lockdown and consumers also witnessed a number of obstacles to avail the services of e-commerce. But gradually the situation starts improving with the loosening of

restrictions of lockdown. The e-commerce market inclined rapidly in the post Covid 19 period and successfully overshadowed the shortcomings of its adverse effects. In fact, in the recent upcoming years the e-commerce sector can play a key role in strengthening of Indian economy. However, this paper provides a scope for further research on this area regarding government intervention and initiatives during and post Covid 19 period.

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