

IMPACT OF E-COMMERCE IN THE INDIAN ECONOMY

Dr. Renu Nainawat*

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 e-commerce sector. According to statistics data, internet usage in India has climbed to 429.23 million users and is anticipated to reach over 830 million by the year 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 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 developing nation like India is its ability to assist rural areas to advance into the information paradigm. E-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.

Keywords: *Economic Growth, E-Business, E-commerce, Indian Economy, Social Development.*

Introduction

E-commerce has integrated significantly into modern life. For the majority of individuals, especially those living in urban areas, having access to e-commerce platforms is not a luxury but rather a necessity. India has over 100 million internet users, and there are alternative ecommerce platforms available (instead of the traditional physical platforms) for practically every area of our lives, starting with the purchase of ordinary household items and ending with online brokerage. E-business is still not widely adopted compared to other established markets like the US and the UK, but it is expanding considerably more quickly now than it did in the past.

India is yet to have a groundbreaking e-commerce success, especially in online retail. Particularly in online shopping, India has yet to see a groundbreaking e-commerce success story.

More and more young people are choosing to pursue technological skills related to e-business as e-commerce in India is opening up more and more chances for work and education. One of the biggest ideas that has swept the Indian business world is e-business. It is generating a completely new economy in terms of technology, one that has enormous promise and is profoundly altering how enterprises are conducted.

E-business is a representation of globalization and the pinnacle of achievement in the digital age. It has transformed and continues to revolutionize how business is done globally. Electronic commerce has evolved into one of the most effective channels for inter-organizational business activities as a result of the commercialization of the Internet.

* Assistant Professor, Economic Administration and Financial Management, Government Commerce Girls College, Kota, Rajasthan, India.

What is E-commerce?

E-commerce (also known 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. The internet is the most common of these networks, but all other activities that are related to a transaction, such as delivery, are also considered to be part of EC. Facilitating payments, this sector of the economy might also include supply chain and service management.

E-commerce fosters the expansion of internet commerce.

It fits into category

- Online marketing.
- Internet marketing
- Online purchases
- Product shipping
- Products and services
- Online invoicing Seven.

Online payments electronic commerce therefore handles all internet-related workloads. Additionally, it addresses the data transfer between the billing, payment, and finance components of e-business operations.

E-business and e-commerce are frequently used interchangeably.

Different Types of E-Commerce

There are various forms of e-commerce; in this study paper, we'll look at five fundamental forms.

- **Business-To-Business (B2B)** - This refers to any electronic transactions for the exchange of goods or services between two businesses. Intra system and electronic markets are included in this sort of e-commerce.
- **B2C**, or business-to-consumer, refers to a retail commerce transaction with lone customers. This website's average customer is either a consumer or a buyer.
- **Customer to Customer (C2C)**: In this form of e-commerce, the consumer offers their goods to the consumer directly.
- **Customer to Business (C2B)**: In this type of e-commerce, a consumer offers their own goods or services to a business.
- **Business to Government (B2G)**: This area of e-commerce lists business transactions involving the governmental sector.

There are several special characteristics of e-commerce that help businesses grow and prosper while also assisting in reaching success. E-commerce has some distinctive characteristics, including 2 Ubiquity; 3 Global Reach; 4 Universal Standards.

Richness (No. 5), Interactivity (No. 6), Information Density (7, and Personalization (8), 9 e-commerce subtypes model businesses One-stop shopping Wholesale and storage, White-labeling, and Manufacturing

A subscription-based service Model of 10 products for e-commerce two distinct categories and a single product

3 Various categories Four- Affiliate- Five- Hybrid

Review of Literature

"In their article titled "Impact of ecommerce on Indian Market: Social and Economic Impact," Shebazbano Salim Khan, S. N. Borhade, and Mainuddin S. Shaikh examine how electronic commerce (e commerce), a component of the IT uprising, has become a significant part of global trade in general and the Indian economy in particular. The impact of e-commerce on the economy and society is revealed in the paper. (E-commerce is currently growing at a 30% annual rate. eBay Inc., a retail website, is expanding at a 60% rate. In the previous four years, the company's customer base in India has increased from one million consumers to 2.5 million. Home decor, branded and unbranded clothing, accessories, and technology products are a few of the popular imports made by Indians"

("In their essay "Growth of E-Commerce in India," affreenara and Dr. Kishore Kumar Das discussed that Ecommerce is one of the fastest expanding industries. India offers a large market for business as an investment. An enormous increase since the previous year and further investment is anticipated in the years to come. The explosive rise in mobile device usage and internet users has made e-commerce easier. both urban and rural cities for business. The subjects Included are the concepts of the study of trade and key. market potential, growth factors, and retail market, logistics infrastructure, and investment Internet rules, major difficulties, and future of e-commerce.")

"Mustafa Yapar and sedabayrakdar talked about how essential e-commerce is to our daily lives in their research thesis, "The Role of Taxation Problems on the Development of eCommerce." The effects of globalisation and the quick advancements in information and technology are raising the bar for online business. Consumers may quickly acquire goods and services thanks to e-commerce, which enables firms to sell their products through a variety of methods all over the world. E-commerce taxation is a significant concern for nations, companies, and consumers who want to participate in the industry. In terms of nations, concerns like tax evasion and tax loss are essential. Uncertainty and double taxation make parties to e-commerce reluctant and have a detrimental impact on the growth of e-commerce.

The impact of taxation issues on the growth of ecommerce will be looked at in this study. We'll try to concentrate on how e-commerce can grow with the right tax laws in place.

In their research thesis named "Website characteristics, Trust and purchase intention in on-line. The impact of taxation issues on the growth of ecommerce will be looked at in this study. We'll try to concentrate on how e-commerce can flourish under sensible tax laws. Lack of confidence in online transactions has been mentioned in "e stores: An Empirical research in the Indian setting." The current study offered empirical support for the first time for the mediating function of customer trust in Indian consumers' online shopping behaviour. They came to the conclusion that in India, confidence in online purchasing is generated by website factors.

Objective of Study

India's economy is one of the fastest-growing in the world. Indian citizens utilize the internet extensively. The primary basic goals of this research study are

- To analyze the current e-commerce trends in India.
- Governmental initiatives and various programs in the expansion of e-commerce in India

Research Methodology

Secondary data were gathered by consulting a number of studies of a similar nature to examine the formats and types of graphs used for data analysis. In addition to this, various researchers and data from other reputable banks and sources are used to gather data that is then further evaluated for data analysis.

Research Design Type: The study is both descriptive and exploratory. It is descriptive in that it makes a connection between the country's literacy rate and the specified metric.

Exploratory research seeks to establish a cause-and-effect relationship between the factors by gathering data from multiple parameters.

Snapshot of E-Commerce Industry in India

India has the fastest-growing economy in the world in terms of e-commerce. The fastest-growing e-commerce market in the world is India, which is expanding at a rate of 51% annually. predicted to increase by \$120 billion from \$30 billion in 2016(Source: Assocham-Forrester Study Paper) by (2020 Chinese consumers spent \$680 billion on internet retail in 2016. largest global e-commerce market, then India followed by the USA.

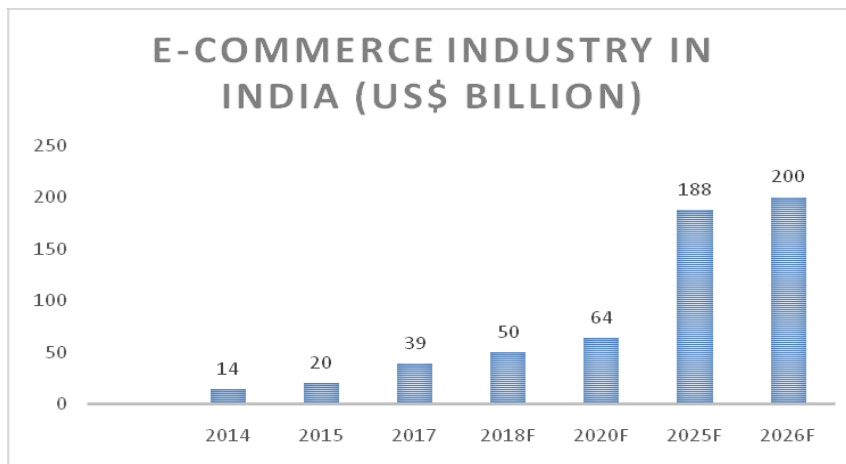
Although e-commerce was used in India even before the 1990s, its impact was incredibly little. Recently Several top-tier PE companies have made sizable investments. money on India's e-commerce since there is a huge enormous opportunity and potential for success. In India, B2B e-commerce is permitted to accept 100 percent FDI and demonstrates the objective of the administration. contribution to the online retail sector in India. India's e-commerce industry is expanding rapidly. depending on the subsequent supporting elements that do have an effect on the Indian economy when it occurs in India's e-commerce industry " a few of these elements are:

- **Niche Businesses' Involvement in Online Trading 2- Unparalleled FDI 3. A Standard GST**

By 2034, the Indian e-commerce market is anticipated to overtake the United States to become the largest e-commerce market in the world. India is on the edge of a digital revolution. Internet use has grown in importance among the general population due to: 1- Decreasing costs for broadband subscriptions. 2- Modification of urban India's shifting lifestyle 3- An uptick in netizens 4- Online shopping's convenience

According to an onlinesales.ai survey of the Indian market, e-commerce there is expanding quickly and is predicted to make up roughly 1.61 percent of world GDP by 2018.

Onlinesales.ai reports that they discovered several noteworthy numbers connected to e-commerce in the Indian sector, including "100+ retail clients," "1.4+ million transactions," and "2+ million transactions." The aforementioned figure not only highlights how valuable their contribution to the Indian market is but also highlights their substantial reliance on the Indian economy and GDP contribution. NASSCOM reports that India's internet market share climbed by over 19% in 2016 and reached an estimated US\$33 billion in 2017.



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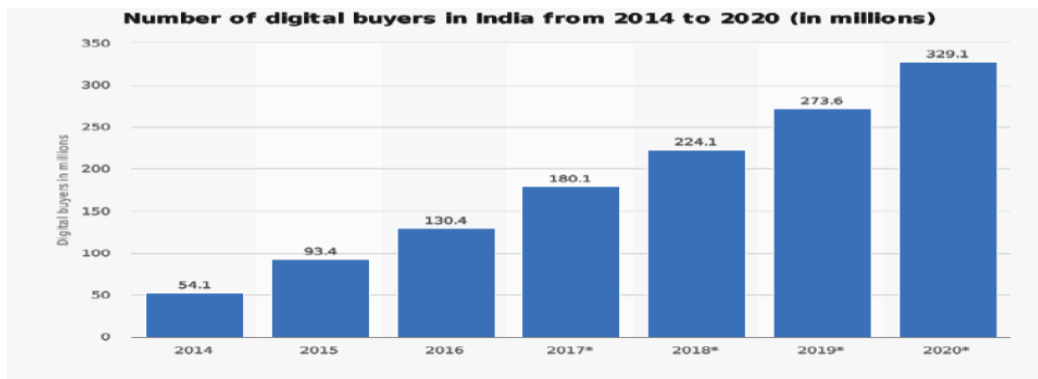
100+ retail customers

1.4+ million transactions and 2+ million purchases

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Digital Penetration in the Indian Economy

With the rise of e-commerce in India, and its significant contribution and rising e-commerce share in total retail sales, the country has seen an increase in the penetration rate of smartphones over the years. As a result, it is crucial to have an active smartphone with a reliable internet connection. 18.21% of all Indians had smartphones in 2015, and by 2019 that percentage is expected to rise to 39% (Source: stastia.com). The fact that India is expected to more than triple its share of the global smartphone market between 2013 and 2017 is what has caused this surge in smartphone penetration in the country.



Source: (Statista, 2017).

FIGURE 1
NUMBER OF DIGITAL BUYERS IN INDIA FROM 2014 TO 2020 (IN MILLIONS)

With the rise in smartphone usage and improved internet access, e-commerce will increasingly have an impact on the Indian economy. The graph above shows growth in India's adoption of digital technology, which is projected to reach 64 percent by 2019 from 30 percent in 2014. The availability of many electrical appliances and their favorable effects have contributed to this rising trend. We should thus be aware of where the populace has gone and what they have been doing as a result of the increase in digital penetration, claims stastia.com. Therefore, according to stastia.com data, different classed individuals in India's digital community in January 2017 came under distinct subsections, which ultimately had an impact on e-commerce in India.

Government Initiatives Supporting the E-Commerce Growth in Indian

The government's contribution to the rise of e-commerce is crucial and has a significant impact on its development in the Indian market. In addition to influencing foreign investment and investor mindsets globally, government policies and reforms also have an impact on the population.

From the laws and regulations. since 1991, when the Indian government opened its economy by introducing the benefits of open markets as a result of LPG (Liberalization, Privatization, and Globalization), the Indian people began to gain from the economy in 1995, when India first made use of the internet for e-commerce. Since 2014, the Indian government has announced a number of programs, including the India Internet Produced in India

- Start-up-India
- Ability India
- Fund for innovation
- Fund for innovation

The appropriate operation and successful application of these programs will undoubtedly accelerate India's e-commerce market's growth trend.

- The government has included US\$1.55 billion for the Bharat Net project in the union budget for 2017–18. Which village will have access to digital services at very low rates for rural and panchayat levels, as well as high-speed internet and Wi-Fi hotspots?

The government of India has announced the release of the BHIM app, which would boost digital payments there.

More than 12.5 million people in India have adopted it. Two programs have been announced by the Indian government to promote this app. there is

- A incentive program for personal referrals
- Cashback program for retailers •Under the Lucky Grahak Yojana and Digi - dhanvyaparyojana programs, the Indian government has given out prizes totaling Rs 153.5 crore to more than 1 million citizens, or customers.

The Indian government has invested a lot of money and made changes that have contributed to the expansion of e-commerce in India. Growth has improved peoples' standards of living in addition to other factors. The government of India is currently focused on the development of entrepreneurs in India due to the declining unemployment rate and rising rate of literacy in India. Young entrepreneurs are thus encouraged to grow via Start Up India.

Therefore, the Indian government has also started a number of projects like UDAAN, UMANG, and START-UP

- The Indian government has taken action to provide funding through the "Fund of Funds" initiative offered by INDIA PORTAL, etc., which is actively operating in the Indian context and supporting MSME as well.
- FDI has a significant impact on the expansion of India's e-commerce sector. Early investment rates in India were extremely low, which indicates slow national e-commerce growth. Since FDI in B2-B e-commerce is 100% allowed, more money can be invested there; however, FDI in B2C is still constrained due to regulatory requirements.

Despite all of the restrictions imposed by the government, investments are made in the Indian market since there are many opportunities there that, if properly tapped, can result in higher earnings. FDI and investment policies thus have a significant impact. IDGVC Partners is favored by investors.

- Tiger Global Management, Inc.
- Three. Accel Partners
- Fourth, Index Ventures
- Fifth, Sequoia Capital
- Alibaba Temasek Holdings
- Forerunner Ventures

Are some of the key players in India's e-commerce market protected by governmental e-commerce policies. 2015 was the greatest funding amount ever in India with \$11.3B. Although FDI in multi-brand retail companies in India is not yet permitted, some businesses employ PROMOTIONAL FUNDING, an alternative source of funding when FDI is prohibited.

Therefore, 100 percent FDI in B2C is a fantastic place for investors to begin learning about the size and opportunities in the Indian market, and as a result, more investment and FDI will undoubtedly expand.

- The expansion of e-commerce in India.
- The Reserve Bank of India has made the decision to permit "interoperability" between prepaid payment mechanisms.
- (PPIs) like e-wallets would promote the cashless economy, leading to an increase in the use of e-commerce in the future.

Another government incentive or program that the Indian market will soon experience is the tax system and introduction of GST increase the growth of e-commerce in India in the upcoming years. Having a single tax system reduces the cascading of taxes, which also makes e-supply commerce's chain management more straightforward.

Thus, e-tailing becomes simpler and occasionally cheaper in some industries, enabling manufacturers and retailers to grow their businesses throughout India. Due to tax uniformity, e-commerce will grow favorably throughout India without favoring any one state in particular. According to an IBEF report (source: ibef.com), TIER1 cities in India are more likely to engage in e-commerce because of their higher average order value of Rs 1544 compared to TIER 2 cities' RS 1157 and TIER 3 cities' RS 1033. Thus the Tax system also plays \ an important part in e-commerce growth in India.

India came up at number 119 out of 190 nations in an estimate of "paying taxes," which needs to be reduced. Consequently, shops find it increasingly difficult to do business, and investors become less ready to make additional investments.

- E-Government is yet another significant program or project launched by the Indian government. Additionally, it would encourage e-commerce, which will increase transparency for Indian citizens. India is relatively poorly ranked in the EGDI index, which is dominated by the United Kingdom and Austria.

Having Respective Index Scores of 0.92 and 0.91

India's government will establish a top-level coordination centre for cybercrime. There are plans to establish a cybercrime coordination centre to assist in resolving the problems associated with cybercrime and ultimately attempt to eradicate it after 1,44,496 cyber security attacks occurred in India between 2014 and 2016. States should establish district-level cybercrime coordination centres as well in order to improve efficiency, address problems, and spur the expansion of e-commerce in India. Some examples of cybercrime include phishing, scanning or probing, website intrusions and defacements, viruses, and harmful code. There are reports that the government of India would begin giving funding for cyber security after this year's budget list, which will not only improve digital and internet penetration but likewise

Conclusion

Through the analysis of research papers, we learned just how significant the global e-commerce market is right now. We also look for an upward trend in the expansion of e-commerce, m-commerce, and digital penetration in India within the context of that country. Government activities and policies have also contributed over the years, e-commerce has grown in India. survey after demonization, the function of cashless India's economy has grown tremendously, and with it has come to an increase in the use of the internet and other government services. Policies also played a significant role. When it comes to education, a lot has been accomplished and still has to be Indian commerce business.

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