



## E COMMERCE : It's impact on Indian economy

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**Abstract** : This paper reveals the economic as well as social impacts of e commerce in India. It is the India's fastest growing market with annual compound growth rate (CAGR) 52% to touch USD 36.7 BILLION by 2020. The increasing penetration of Smartphone's and internet are significantly contributing to the growth of e-commerce. Convenient payment process, speedy delivery of product, high discount, customer friendly policies and easy Returns are the driving more customers towards online shopping. Due to digital revolution ,The E-Commerce in India increase from \$ 3.8 billion in 2009 to \$ 1.7 billion in 2014. It is expected to cross \$100 billion within the next 5 years which will contribute more than 4% to India's GDP. The retail sector which one of the largest item in e commerce is also showing a promising trend of 11% CAGR and is expected to reach \$1 trillion by 2020. [1]

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**KEYWORDS** : E Commerce, Impact of E Commerce, challenges

**INTRODUCTION** : Now-a-days E-Commerce is growing popular in an emerging economy. E-Commerce began in 1995. It requires the digital goods that can be delivered over a Digital Network. E Commerce is rapidly transforming the way in which Enterprises are interacting among Each Other as well as with consumers and governments. As a result of change in the landscape of ICTs, E Commerce is now growing rapidly in several emerging Markets and developing economies. The Technologies designed to improve commercial transactions using the internet have evolved as quickly. However, we have not yet achieved an ideal world of painless and Secure transaction utilising the internet ,as unresolved privacy issues of the purchaser have impeded the further development of the Technologies (Alberto, Avila and Violeta – 2007). E-Commerce has the ability to play an instrumental role in helping developing economies benefit more from trade(WTO-2013). [2]

**OBJECTIVES** : To study the impact of E Commerce on Indian economy To know the challenges in E Commerce

**RESEARCH METHODOLOGY** : The paper has been return on the basis of secondary data the secondary data collected from various books, publication from various websites, journals and research papers.

**WHAT IS E COMMERCE** : E-Commerce is the activity of buying or selling online. Electronic Commerce draws on Technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transactions, electronic data interchange, inventory management system and automated Data Collection systems.

It refers to the site of the seller on the web, who offers items or services directly to the client from the Gateway with the help of a digital Shopping Cart or Digital shopping basket system and permits payment through internet banking or credit/ Debit cards. Basically E-Commerce is the development of business on the internet.

**MODES OF E COMMERCE :** E-Commerce can be categorised into three modes or segments based on the participants involved in the transaction.

- Consumer to consumer(C2C ): its find more innovating ways to allow the consumer to interact with each other and by doing so they can sell goods or services to each other.
- Business to consumer ( B2C ) : Business to consumers transaction is conducted over the internet between a business and a consumer. Eg.an online publisher may sell his book to a customer and receive payment without meeting him /her .
- Business to Business ( B2B ) : It refers to a situation in which one business make a transaction with other.

**IMPACT OF E COMMERCE ON INDIAN ECONOMY :** In 2014 India’s consumer spending on Merchandise and hence the size of India’s retail market was about 525 billion US dollars.It has been estimated that if India sees a real compound annual growth rate(CAGR ) in the next 10 years, and the consumer price inflation remains around 6% CAGR in the same period, then India’s merchandise retail spending is likely to touch about 1100 billion US dollars by 2020, and 2100 billion in US dollars by 2025. Some factors that have led to this strong growth in retail consumption are a relatively young population convergence in Lifestyle aspirations across Urban and rural India and rise of dual or multiple income household especially in urban India. In order to understand better the current and future impact of e tail on India’s physical retailers, it is important to gain a measure of what India is currently consuming and how that consumption is split between rural and urban population. [3]

The following table shows India’s retail consumption pattern and its estimated increase from 2014 to 2020 to 2025 respectively in key categories.

CATEGORIES	2014 (\$ BILLIONS)	2020 (\$ BILLIONS)	2025 (\$ BILLIONS)
Food And Grocery	350	729	1343
Apparel	46	96	176
Jewellery And Watches	40	88	169
Consumer Electronics	26	57	110
Pharmacy And Wellness	15	30	52
Furnishings And Furniture	19	40	73
Footwear	6	13	25
Food And Beverages	11	27	56
Beauty Services	2	5	11
Health/ Fitness Services	3	8	17
Others	9	19	35

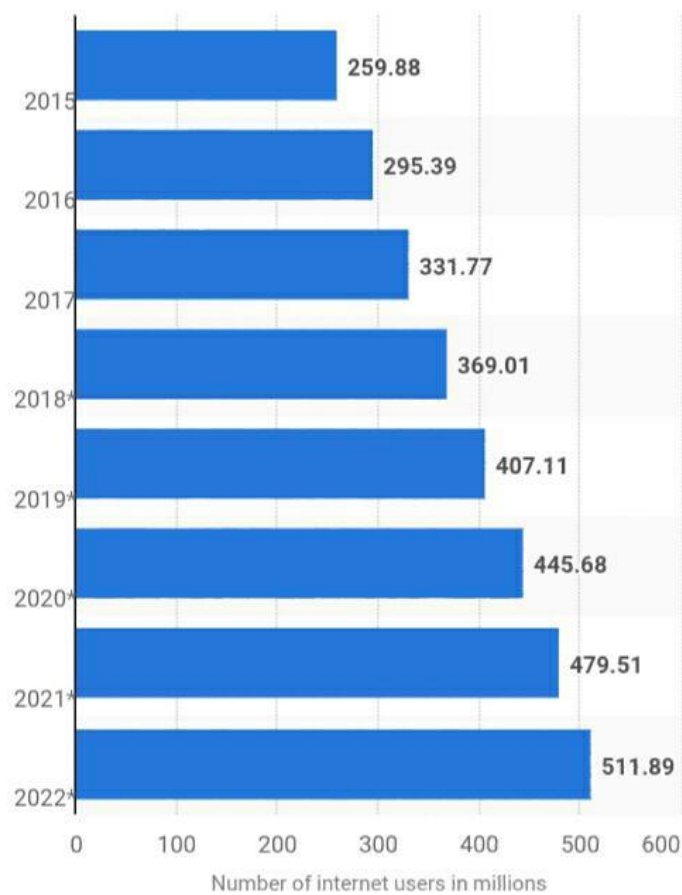
SOURCE-[http://articles.economictimes.indiatimes.com/2014-11-02/news/55682514\\_1\\_urban-india-retail-spending-rural-india](http://articles.economictimes.indiatimes.com/2014-11-02/news/55682514_1_urban-india-retail-spending-rural-india)

## Recent trends in E commerce

- Industries studies by IAMAI show that online travel dominates the E-Commerce industry in India with 70% off market share e-commerce evolution in India creating the bricks behind the clicks, designed by corporate communication , India available health www . pwc.in
- Online retailers major categories include smartphones, laptops ,cameras, books, computers, clothes, home and kitchen appliances toys and gifts.
- Promotion of products, recruitment through social media, the pattern of advertisement by corporate sectors etc. are made online.
- Change the lifestyle of Indian consumers by seeking convenience, comfort and variety.
- Various innovative models are being tested and launched in the market.

**Internet users in india :**

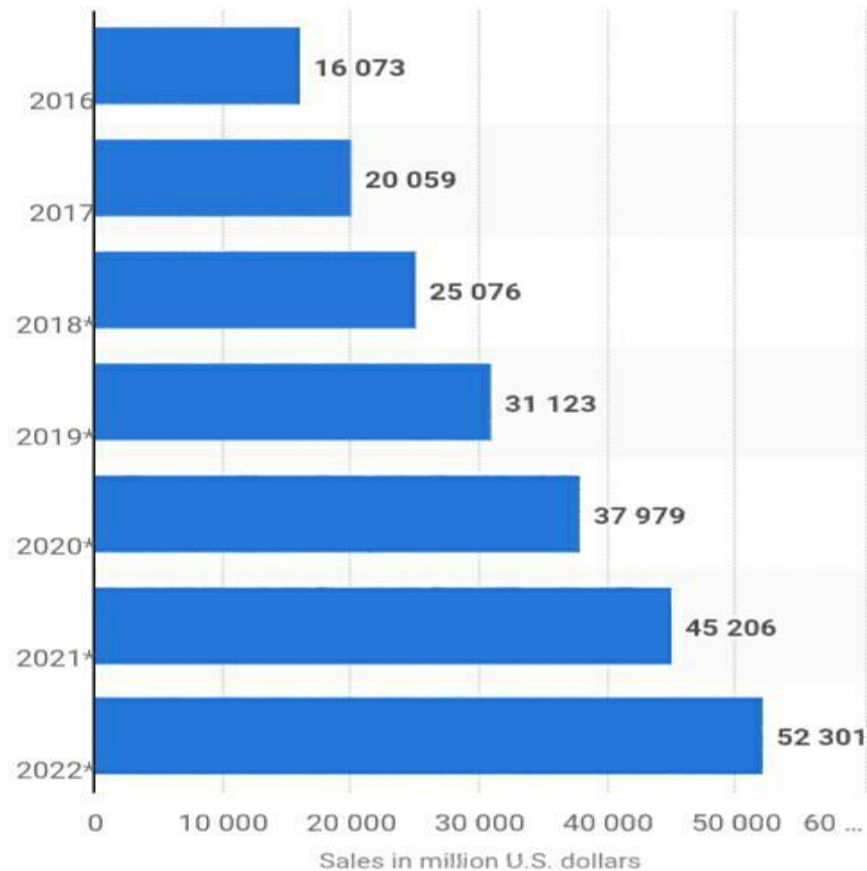
India had more than 100 million internet users in the year 2010 and this value reached 243



million in 2015 the number of internet users stood at 481 million in December 2017, an increase of 11.34 % over December 2016 said the report titled, internet in India 2017. The number of internet users in India it is expected to reach 500 million by June 2018, said a report by the internet and mobile Association of India (IAMAI ). [4]

Following diagram shows internet users in india (source :www. Statista. Com )

**Online retail in India :** According to a report by Financial Services firm Morgan Stanley, online retail in India is estimated to grow over 1200 % to \$ 200 billion by 2026 up from 15 billion in 2016. It is seen that the digital commerce market in India has increased from \$ 4.4



billion in 2010 to \$ 13.6 billion in 2014 with a steady manner. The following diagram shows the online retail in India[4]

( Source : www. Statista . com )

### **E COMMERCE : CHALLENGES**

- Lack of appropriate control and transparency add to cyber security risks
- Taxation challenges
- No specific e-commerce laws in India
- Low Entry barriers leading to reduced competitive advantages
- Rapidly changing business models
- Shortage of Manpower
- Customer loyalty
- Risk of Logistics and shipping

### **Government Initiative for E COMMERCE :**

- The digital India campaign, startup India, make in India, skill India all are contributing to the growth of e-commerce. The increase in internet penetration has further helped this sustained growth. The E-Commerce industry in India has been propelled by the rise in internet penetration due to major improvements in the Telecom infrastructure with 3G and 4G services making way into India along with declining data tariffs, spend on internet data is growing significantly.

(Source : Mobile Internet In India, 2015 IAMAI )

- In India 100% FDI is permitted in B2B E-Commerce . However no FDI is permitted in B2C e-commerce earlier but as per new guidelines on FDI in e-commerce, hundred percent FDI under automatic route is permitted in Marketplace model of e-commerce.[5]

### **CONCLUSION :**

The E-Commerce industry is expected to contribute 4% of GDP by 2020. It is rapidly changing the landscape of allied Industries led by changing in consumer Trends and Lifestyle changes. Industry will prove to be a significant source of employment in the country. There will be significant demand for skills across the digital space. Government spending in skill development and digital infrastructure will give a big boost to the sector. It will be very important for government to sport the E-Commerce ecosystem by appropriate regulation for its sustained growth and development.

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