

# Study on Impact of E-commerce in Indian Economy

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**Abstract—** Ecommerce stands for Electronic Commerce is a new Business model that provides the facility to buy and sell products over the internet.

Ecommerce is now operating in B2B, B2C, C2C and C2B. In India, currently many business houses are launching their Ecommerce platform. As expected by India Brand Equity Foundation, Indian Ecommerce market will grow to 200billion USD from the current 38.5USD. As internet users increases day by day, people spend their times in cell phones and other internet devices. It causes increase in demand of online shopping.

Government of India has launched Digital India Programme to promote internet connectivity. Government focuses on 5G connectivity which definitely change the way of doing business. It enhances the use of technology and also fulfill customer demands. All these moves by govt and also by private sector boost the ecommerce business and surely it will grow long.

Ecommerce helps to grow start-ups. If we define Ecommerce in a simple term, it is an application which provides a platform to all users. User include seller and buyer. With the help of ecommerce any product will get platform for their launching and get customers range so that they get value and earned money. It reduces the cost of physical showrooms and other infrastructure and management cost.

This research paper helps to understand the impact of eCommerce on the Indian Economy and also the limitation of Ecommerce and its benefits.

## INTRODUCTION

Ecommerce is a new way that influence the people way to do business. It creates a way for both customer and seller to interact and do business in their own way. It breaks the limitations for seller not just to sell a similar kind of product but also can try to sell multiple products by taking the advantage of ecommerce platform which provides millions of customers.

It also provides a chance to new start-ups mostly in developing countries like India where new products get the platform to sell their products with lesser maintenance cost and advertisement. Cost effectiveness is a key for start-ups even for any business. And Ecommerce is one which helps to save

their cost by not to maintain physical shops in every locality.

Today, many organization include online presence for selling their products. Ecommerce helps to build the community of customers. With the help of ecommerce, customer get the advantage of various options available for product they want. Due to seller available in Ecommerce, customer get maximum discount as possible. So it is definitely help product seller to be focus on customers satisfaction.

Each Ecommerce companies can run their profitable business, if they consider their focus on customer satisfaction and it happens in another way which is "Feedback".

Customer feedback is helpful for product based companies. It help to understand the organization needs and also cost and time saving because companies doesn't need to take separate privilege on these things.

It creates various new opportunities for unskilled as well as skilled people and also help to boost economy activities..

It enhance the govt revenue as currently govt. acquire more tax not only in India but also in other developing countries.

We will discuss later about the economic prospective of Ecommerce and also discuss the chain of Ecommerce.

## Contribution in Economy growth.

Due to increase in the number of mobile users across globe, where India is dominant because of 2nd largest population country and one of fastest developing economy in the world, India has a bright future in this sector.

According to India brand equity foundation, Indian Ecommerce industry will grow more and it may surpass the US E commerce market to become the second largest E-Commerce market in the world by 2024.

India's vision is to become 5trillion dollars Economy. Government will achieve this vision by various means. But important aspect is tax collection.

By appending lots of customers to the Ecommerce platform and also increasing in the selling of products

government will get more revenues and it will huge contribute in treasure of Indian government which makes India a big market and ecommerce contribute to become 5 trillion dollars economy. According to CAGR report, India's e-retail industry is expected to exceed 350-400 million shoppers and its value to 100-120 billion Dollars by 2025.

Currently many micro as well as macro finance services helps customer to buy products on easy EMI. It may be 100% paperless work, even no need to visit any bank or office. This also increases the scope of ecommerce sectors.

Banks provides various cashback offers to their customers. Online payment system definitely boost the ecommerce platform and also boost banking services and income which gives positive impact on banking sector.

With the help of such platform and services, banking sector get huge investment and also get trust from various investors.

Ecommerce creates a lots of job in last 5 years and currently it serves various service sectors. Ecommerce provides different kind of opportunities mainly in service sector. Currently many people work as an Software Engineer, manager, delivery boys and they all get good income and it increase the lifestyle of people. It helps to reduce the unemployment from skill to unskilled people.

During the covid-19, people from urban as well as rural adopts the use of Ecommerce platform.

During the pandemic, due to high demand and orders, online platform get stuck for around 1month to deliver the products.

Around 78% of retail business shift towards online platform during pandemic.

During pandemic companies get more order from rural areas than urban areas. So it shows how enthusiastic people towards online platform of buying and selling products in India.

So, all these points show it will definitely create a positive impact on Indian Economy and fulfil vision to become powerful Economy and Market.

### **Government Initiatives Regarding Ecommerce In India.**

Govt of India has launched various initiatives like Digital India, Make in India, Start-up India and so many. All these initiatives directly or indirectly related to promote E-commerce.

Govt starts investing in Internet Connectivity through Bharat Net project which helps to connect each local bodies to the Internet world which enhance access to the benefits of online medium and also

provides various opportunities which reduces the unemployment.

Govt is eager to launch 5G internet Connectivity. 5G is expecting a technology which will change a way of living. Ecommerce will provide more facility to users by enhancing their technology with 5G connectivity with very low latency.

Government of India has launched UPI called Unified Payment Interface. It is a one of the best innovations by Indian. It promotes online transactions and it is trusted by people and corporates as it promoted by government. There are several private players who launches payment system which is also a safe payment mode for transactions.

Govt also start some of their work by using Ecommerce platform. Govt currently make their bidding procedure online which seems promote online way of selling product.

Government focus on getting Foreign Investment which is a key for healthy economy as if we get foreign investment then it creates a good impact on other countries about India's economy. It makes economy stable and growing economy. Foreign investors trust on India's economy which creates income, revenue to govt. and opportunities for people of India.

### **Opportunities for Start-up in India**

India is a big market and economy. Indian is also second most population country in the world where people belonging from age group 18-35 share around 35% of its total population and it is expected that it may grow up to 50% in 2035. To provide employment and skills government of India starts skill India Programme to skill the youth of India in different sectors. Make in India and Start-up India programme has launched by government to create new business which fulfil global demands and create job opportunities for peoples. Start-up requires an online platform to sell their products which directly reach to customers. They also require digital platform for advertising their products because globally big portion of population are currently having their online presence which may increase the demands of products. All these are possible if Ecommerce enhance their presence. Currently in India, one of start-up UDDAN, which now overtake its value of 10million USD in 2021. It basically sells various new products to customers and also to retailers.

Similarly, various new start-up is now engaging in Ecommerce platform to increase their sells and save their cost. It also creates the need of developers to manage all these online activities. To save cost of business in term of infrastructure like servers and other hardware. Software giants now starts cloud technology which is basically a virtual infrastructure

which saves the cost of deploying whole infrastructure and others to manage.

So, all these can boost economy and help to achieve economic goals and sustainable development

### Effect of Covid-19 on Online Shopping Behaviour.

Covid-19 one of the global pandemics declared by World Health Organization (WHO) definitely impact everyone life and way to live. But people need are still same. During such a pandemic, Ecommerce platform's definitely serves a lot. They act as a frontline worker for us. They help to complete the needs and definitely saves lot of life by reducing the need of gathering. During the pandemic, companies earn a lot. Their profit hits new record and also append the place in everyone lifestyle. Many of people are now, shift towards ecommerce.

We are show data (in figure-1) which represent how ecommerce growth during pandemic.

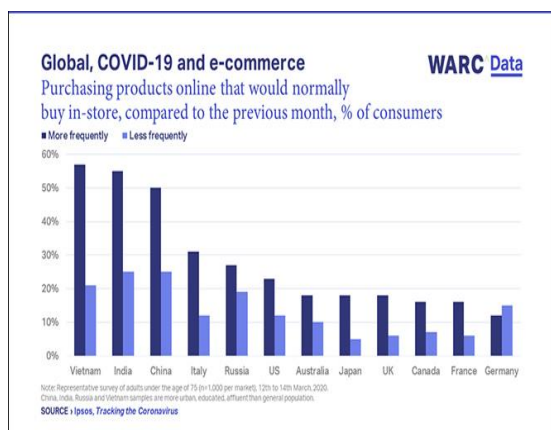


Figure-1 Economic growth during pandemic

As we see in graph above, Indian markets growth with huge percentage during pandemic across globe.

During festival season, Indian Ecommerce sells increase by tremendous amount. We see graph (in figure-2) below: -

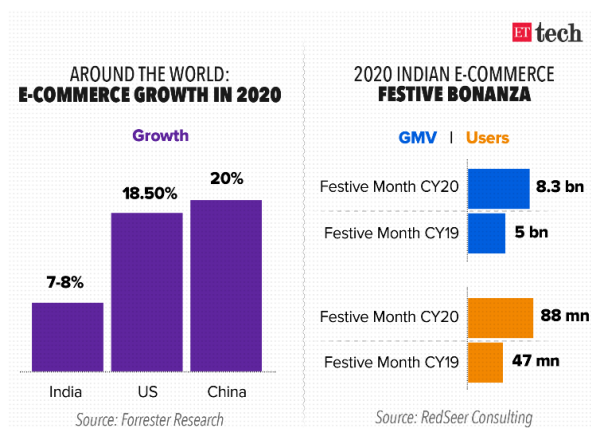


Fig-2 Global comparison of Ecommerce growth

### Limitations of Ecommerce in India.

With lots of advantage in Ecommerce, there are some of disadvantages which we discuss now.

As Ecommerce market grows, the retailers and shopping malls are now facing lack of customers. It forces retailers to move their business to online platform which also affect the cost of products, because for delivery of products requires addition of worker which affects cost. It also requires to manage complex rules and regulation of taxation which also create the need of financial services. It will definitely increase retail price of products.

As the ecommerce is growing it will affects traditional way of doing business. In country like India, where literacy rate is around 70% and knowledge of technology and using application is quite unreached it creates loss in their business and causes unemployment.

In Ecommerce, there is a chance of loss of privacy. In ecommerce customer need to share the details of their residence and other detail to the ecommerce providers and also to shipping partners, there are lot of cases where physical and financial damages are noticed. Trust to delivery person is not easy and also hackers also try to steal ecommerce data.

In recent years, there is a case of biasing by Ecommerce platform. Ecommerce is responsible to provide equal opportunities to seller. But sometimes due to algorithm or any other issue some sellers are reported to the biasing. All may not get equal opportunities to sell their products. It may be varying with location of customers or any other reason. But need to focus on these issues of biasing else it will lose trust and cause business loss.

### Conclusion

After a deep analysis and research of various data, we can say that Indian Ecommerce market will achieve new pillars and boost Indian Economy with huge numbers.

It will create job opportunities, create revenue for government in form of taxes which helps government to build better infrastructure and develop other segments where we are currently lack.

Investors are now considering the Ecommerce companies in their portfolio.

There are some disadvantages like data privacy, network and product quality. Data privacy and network related issues are belonging to the category of Technology, and now our India will adopt 5G network, which may helpful to solve issue related to network, and privacy related issues are also be solve with advancement of technology.

While issue like quality if product can be solved by proper supervising of product.

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