

A STUDY ON ROLE OF E-COMMERCE ON INDIAN ECONOMY

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ABSTRACT:

Describes the extent to which ecommerce is used, the key industries that sell through ecommerce, and the amount of product/service sold through e-commerce versus brick-and-mortar retail in each sector. Includes a list of reliable, famous B2B websites and what a company needs to know to take advantage of ecommerce in the local market. eCommerce is India's most rapidly increasing and fascinating business transaction channel. From \$48.5 billion in 2018, the Indian e-commerce market is predicted to expand to \$200 billion by 2026. Increased internet and smartphone adoption has fueled this expansion.

Key Words : - Ecommerce, Economic Growth, FDI, GDP

Introduction

Electronic commerce, sometimes known as e-commerce, is a business concept that allows businesses and individuals to buy and sell goods through the Internet. Increased smartphone penetration, the advent of 4G networks, and increased consumer income are predicted to propel the Indian e-commerce business to US\$ 200 billion by 2026, up from US\$ 38.5 billion in 2017. India's e-commerce revenue is predicted to increase from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, expanding at the world's fastest annual rate of 51%. The Indian e-commerce business has been expanding rapidly and is predicted to overtake the United States as the By 2034, China will have the world's second-largest e-commerce market.world's

Major Types of E-commerce

TYPE OF E-COMMERCE	EXAMPLE
B2C—Business to Consumer	Amazon.com is a general merchandiser that sells consumer products to retail consumers.
B2B—Business to Business	eSteel.com is a steel industry exchange that creates an electronic market for steel producers and users.
C2C—Consumer to Consumer	eBay.com creates a marketplace where consumers can auction or sell goods directly to other consumers.
P2P—Peer to Peer	Gnutella is a software application that permits consumers to share music with one another directly, without the intervention of a market maker as in C2C e-commerce.
M-commerce—Mobile commerce	Wireless mobile devices such as PDAs (personal digital assistants) or cell phones can be used to conduct commercial transactions.

Advantages of E-Commerce

- E-commerce allows vendors to get closer to their customers, which leads to increased production and perfect competition. The buyer can also choose between different merchants and purchase the most appropriate things based on their needs, tastes, and budget. Furthermore, clients now have 24-hour access to virtual stores.
- Consumers benefit from large transaction cost reductions as a result of e-commerce.
- E-commerce has emerged as one of the most rapidly developing trade channels for cross-border trading of products and services.
- It delivers a broader reach and reception across the worldwide market while requiring minimal expenditure. It allows sellers to sell to a worldwide audience and buyers to make global purchases. Geographical boundaries and difficulties are eliminated or greatly reduced.
- This e-commerce technique significantly reduces the product distribution chain through direct engagement with ultimate clients. A direct and transparent channel is established between the producer or service provider and the final customer. Products and services are designed in this manner to appeal to the specific preferences of the target audience.
- Customers may quickly locate products because e-commerce can be a single store that caters to all of the customers' business needs.
- Ease of doing business It makes launching and running a firm straightforward and easy.
- Long-term expansion in the e-commerce sector can boost employment, raise export earnings, increase tax collection by exchequers, and give better products and services to customers.

- The e-commerce industry has had a direct impact on India's micro, small, and medium companies (MSME) by providing funding, technology, and training, as well as having a positive cascade effect on adjacent industries.

Disadvantages of E-Commerce

- E-commerce enterprises are less accountable, and product quality may or may not exceed client expectations.
- It is heavily reliant on network connectivity and information technologies. Mechanical breakdowns can have unanticipated consequences for overall processes.
- Definitive law to control e-commerce transactions, both locally and internationally, has yet to be drafted, resulting in a lack of industry regulation.
- At times, the customer's privacy, cultural, or economic identity is violated.
- There is a risk of fraudulent financial transactions and the loss of sensitive financial data.
- Because the Internet has no borders and no regulation, preserving intellectual property rights (IPR) on the Internet is becoming increasingly important. There are various important IPR issues at the moment, including trademark infringement.

Government Initiatives Regarding e-Commerce in India

- A draft National e-Commerce policy was prepared and made public in February 2019, addressing six broad issues of the e-commerce ecosystem, namely e-commerce marketplaces, regulatory issues, infrastructure development, data, stimulating domestic digital economy, and export promotion through e-commerce.
- The Department of Commerce began an exercise and established a Think Tank on 'Framework for National Policy on e-Commerce' and a Task Force under it to deliberate on the difficulties confronting India in the field of the digital economy and electronic commerce (e-commerce).
- The Reserve Bank of India (RBI) has agreed to enable "interoperability" between Prepaid Payment Instruments (PPIs) like digital wallets, prepaid cash coupons, and prepaid telephone top-up cards. The RBI has also directed banks and businesses to make all know-your-customer (KYC)-compliant prepaid payment instruments (PPIs), such as mobile wallets, interoperable with one another via the Unified Payments Interface (UPI).
- DIPP FDI rules for e-commerce: In order to boost foreign participation in the e-commerce area, the government has extended the limit of foreign direct investment (FDI) in the e-commerce marketplace model to 100% (in B2B models).
- In October 2019, the Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to promote a cashless, paperless, and transparent payment system for a variety of services.
- The Government of India's large investment in building a fiber network for 5G will assist grow e-commerce in India.
- The government has allotted Rs 8,000 crore (US\$ 1.24 billion) to the BharatNet Project in the 2018-19 Union Budget to bring broadband services to 150,000 gram panchayats.

Classification of e-Commerce:

E-commerce may be classified into 4 segments

1. Consumer-to-Consumer (C2C): It develops novel strategies to allow customers to behave in contrast to one another and conduct business with one another.
2. Business-to-Consumer (B2C): B2C transactions take place between a company and a customer online.
3. Business-to-Business (B2B): This term describes a situation in which one business develops relationships with other businesses.
4. Customer to Business (C2B): When a customer offers their unique goods or services to a business or organization in exchange for money.

OBJECTIVES OF THE STUDY

One of the economies in the world with the fastest growth rates is India. The internet is widely used by Indians.

The primary fundamental goals of this study work are

1. To research the state of e-commerce in India today.
2. To research how the Indian economy is affected by e-commerce.
3. To research government efforts to promote e-commerce.
4. To research the e-commerce potential in India.
5. To research the many difficulties the e-commerce program faces.

RESEARCH METHODOLOGY:

The systematic and theoretical evaluation of the approaches used in a field of study is known as research methodology. In order to fully grasp the state of e-commerce in India for this research study, secondary data analysis is done. The information for the article was obtained via the internet via journals, research papers, websites, and studies on the Indian e-commerce market.

REVIEW OF LITERATURE:

1. Madhukar Sarode, (2015): In his paper, he came to the conclusion that e-commerce is the future of purchasing and that it has narrowed the gap between manufacturers and consumers. India has a vast market for e-commerce, but due to lax cyber laws, citizens there are having difficulties.
 2. Saxena, (2015) came to the conclusion in her thesis that e-commerce is essential to Indian society. It is crucial for modernizing and expanding the Indian financial system. It helps small and medium-sized businesses grow their operations. E-commerce also encounters issues including a lack of cyber regulations and a lack of computer education, among others.
 3. Abhijit (2013) According to the researcher's report, e-commerce has sparked a new revolution that is altering how Indian business owners conduct their operations. Geographical distances for establishing business relationships have decreased with the development of 3G and 4G wireless communication technology.
 4. McGregor and Elizabeth, 2000 The effects of e-commerce on customers, businesses, and education were examined by the researcher. Future research directions, research questions, and public policy efforts were discussed.
 5. H. Ramchandani (2016) came to the conclusion in her article that, in terms of the overall retail sales in India, retail e-commerce sales in 2015 accounted for around 0.9% of those sales. However, it is anticipated that this number will increase soon. E-commerce has had a significant impact on retailers' businesses, particularly small stores. International retailers are fiercely challenging domestic ones.
- However, physical shops continue to enjoy a strong position in the Indian industry since Indian shoppers typically like to physically view the products before making a purchase.

6. Raghunath and Panga (2013) came to the conclusion that new internet users would first be hesitant to do any type of online business, citing security concerns as their primary concern. His article also showed that the cause of consumer misunderstanding, anxiety, and danger needed to be discovered, understood, and increased in order to promote consumer acceptance of e-services. Although the internet offers great opportunity in many different fields, it must be used carefully to ensure consumer safety.

E-COMMERCE'S IMPACT ON THE ECONOMY:

E-commerce helps the economy by fostering innovation, raising productivity, and enhancing the buying experience. E-commerce has made it possible for people to shop online from anywhere in the world. E-commerce also offers potential for environmental protection, both for forward-thinking vendors and for environmentally conscientious buyers.

1. **Consistent Growth Promotes Innovation:** Ecommerce is expanding at a remarkable rate. E-commerce as it exists now is promoting entrepreneurship and encouraging companies of all sizes to compete. All clients will have access to more online experiences thanks to this steady development and activity. The rise in online shopping spurs fresh economic growth and creativity among vendors, encouraging them to identify what makes their goods distinctive and provide an engaging user experience that promotes client loyalty. Because it provides customers with convenience, value, and choice, ecommerce has become more and more popular.

2. **Effects of E-Commerce on B2C and B2B Sellers:**

For wholesalers, manufacturers, and distributors alike, the expansion of B2B ecommerce and its associated technologies has also resulted in increased order volumes, more effective supply chains, and lower order management costs. B2C sales have also been significantly impacted by e-commerce. Particularly, many startups, legacy businesses, and brands that are digitally native have had significant success using the direct-to-consumer strategy. E-commerce's expansion has created more job opportunities in related fields, such as sales, marketing, design, web development, and IT.

3. **E-commerce Produces Savvier Consumers:**

Customers no longer have to be constrained by store hours or location to shop anytime, anywhere, and on any device thanks to ecommerce. Customers have access to a virtually limitless variety of goods and products, and they can quickly and easily compare brands, companies, pricing, and other attributes. Consumers are now more tech-savvy, connected, and engaged because to this accessibility. A stronger emphasis on the customer experience also resulted in calls for and rules about online accessibility, as well as an online community of customers that frequented the retailer's website and online store.

4. **Ecommerce Has Environmental Benefits:**

Beyond the ways in which e-commerce can boost a nation's economy, it can also lessen its carbon footprint. Global research by Generation IM found that e-commerce is 17% more carbon-efficient than conventional retail outlets. The business's carbon-efficient operations cover areas like product transportation, construction, warehousing, product packaging, and manufacturing. Online businesses have greater flexibility when it comes to putting policies in place that can lower their carbon footprints because they depend less on having physical store locations. Customers today want businesses to be more sustainable and transparent due to growing environmental concerns, and they prefer to purchase products from eco-friendly brands.

5. **Ecommerce is Beneficial to the Economy and the Environment:**

The quick transition of retail to internet commerce is still going strong.

E-commerce helps the economy by fostering innovation, raising productivity, and enhancing the buying experience. Additionally, e-commerce offers chances to preserve the environment for both environmentally concerned buyers and sellers. The advantages for the economy and environment will undoubtedly follow as ecommerce expands.

CONCLUSION:

This article indicates that the e-commerce sector has a positive cascade effect on other industries in addition to having an immediate impact on micro, small, and medium-sized enterprises (MSME) in India through the provision of funding, technology, and coaching. The Indian e-commerce industry has been growing rapidly, and it is predicted that it will surpass the US to become the second-largest e-commerce market in the world through 2034. Younger generations like millennials and Gen Z are more interested in buying as a result of the development of this technology. Younger consumers, in particular are altering B2B e-commerce and having an impact on how people shop online.

Consumers today choose sustainable companies more and more because they can teach them how to make better purchasing decisions. Leading businesses are addressing this consumer need by using their clout to encourage the adoption of more sustainable business operations and practices in order to gain the trust of their clients. If e-commerce companies keep up their actual and significant efforts to promote sustainability, the environment will reap more favorable long-term advantages. To sum up, sustainable initiatives can help internet businesses attract customers and set themselves apart from rivals in a crowded industry. To enhance efficiency while lowering waste and their environmental impact, online retailers are innovating their companies by upgrading their packaging or supply chains. As a result, e-commerce will eventually become quicker, greener, and more durable.

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