



Impact of eCommerce Companies on Indian Economy

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Abstract

The Indian economy's e-commerce sector is one of the most rapidly expanding in the world. It's a paradigm change that gives customers with a broad range of benefits, including cheaper prices, more options and time savings. The world of e-commerce is expanding at a tremendous pace. All aspects of online product development, marketing, sales, service delivery, and payment are included in e-commerce, not only the purchase and sale of goods and services via the internet. In addition to rich nations, E-development commerce's and advantages may be witnessed in underdeveloped countries. The expansion of India's economy to a global scale is made possible in large part by the growth of e-commerce. E-commerce is an excellent tool for studying and analysing India's economic and social development. Economies all over the world will benefit from increased access to knowledge and information thanks to globalisation, liberalisation, and a loosening of restrictions on imports and exports. E-commerce is playing an important role in the Indian economy by increasing revenue generation and creating more jobs in the IT sector.

E-impact commerce's on the Indian economy is explored in this article. Because India is one of the fastest-growing economies in the world, it is critical to have a government involvement and a substantial influx of Foreign Direct Investment (FDI) in major economies like India to stabilise and boost ecommerce sector development. According to statistics data, the number of internet users in India has risen from 429.23 million to 830 million by the year 2021, which is a considerable growth. "India's online economy was worth 125 billion dollars in 2017, indicating a considerable growth in e-commerce in the country. There are several impediments to e-commerce in India, and this paper will examine the role of Indian government in dealing with these issues. One of the most significant benefits of e-commerce for a developing nation like India is its ability to assist rural regions in leapfrogging into the information paradigm.

Keywords - Ecommerce, Economic Growth, FDI, GDP



Introduction :

One of the most essential aspects of the information technology revolution is electronic commerce, which has been extensively adopted in the global economy and the Indian economy in particular. Ecommerce stands for electronic commerce, which refers to trading products and services through the internet and electronic media. Nowadays, businessmen are becoming more aware of the numerous prospects presented by E-commerce. E-commerce is not only linked to metropolitan areas, but it is also extensively connected in rural. Increasing use of smartphones and the internet is largely responsible for the expansion of e-commerce in India at this time. Convenient payment methods, quick product delivery, steep discounts, customer-friendly terms and conditions, and no-hassle return policies are all encouraging more people to purchase online.

Everyday life has become more dependent on web-based companies. For the great majority of people, particularly those living in metropolitan areas, having access to web-based business platforms is more of a need than a benefit. From the purchase of everyday household goods to online financing, there are choice web-based business phases available (rather of the typical physical steps). Accordingly, it is only a matter of time until we see more development and negotiations done through a web-enabled device in the 21st century. According to e-Marketer, retail Ecommerce sales will total \$1.915 trillion by the year's end. With the growth of digital infiltration across the globe and the availability of quick and cheap web, it is likely that the development of e-commerce will spread across the globe. However, some traditional individuals are feeling stressed and strained because of the shift in the type of products they can purchase via the internet. Developing without being able to be accessed over the internet is very challenging in today's society.) So that the company can grow and gain more profit, it is essential to have legal structure accessibility and simple openness of online destinations, because this not only determines the company's profit and the number of customers, but it also determines its positioning and position in the general business world”.

As in my previous research paper, I focused on the development and examples of Indian web-based business and their deals and effects on the Indian economy, of every extraordinary type of online business. My investigation focused on primarily b2c types of business, but it also covered various types of Indian web-based business and its social impact through offers of Indian web-based business.



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Objectives Of the Study

“The main objectives of the study are,

1. To study need of e-commerce?
2. To study the impact of E-commerce on Indian economy

Methodology Of Study

In this paper the data is collected secondary in nature. The data related to this above paper is collected from journals, Books, magazines, research papers, publications from ministry of finance, government of India and through internet. In this paper exploratory research is used to present and understand the research topic”.

Need of E-commerce

The internet has now permeated every aspect of our day-to-day existence. In the banking system, mail is checked daily. “Our culture has become more dependent on online buying. It's a great time to be an entrepreneur on the internet, since E-Commerce sales are increasing by 20-25 percent annually. Customers want to be able to easily leave reviews and get updates on the products they buy. Despite the fact that clients are more likely to look for a business on the internet rather than flicking through a phone book, a business owner cannot just rely on advertising alone. Every company is unique, but the need for power and a strong presence on the internet are universal if you want to succeed. There has been a huge shift in the way ads work, with their return on investment dwarfing any website's running costs.

As a result of the rise of e-commerce, India's commercial landscape has changed dramatically. It is predicted that by 2025, the Indian E-commerce industry would have grown to US\$ 188 billion from the current US\$ 46.2 billion. It's predicted to reach US\$350 billion by 2030. The Indian e-commerce sector is expected to reach \$74.8 billion in revenue in 2022, a growth of 21.5%. According to industry forecasts, India's e-commerce business would be worth \$111 billion in 2024 and \$200 billion in 2026, each year. The rise of the internet and smartphones has fueled most of the industry's expansion. As a result of the 'Digital India' initiative, the number of people with access to the internet is expected to rise to 830 million by 2021. In

metropolitan areas, 55% of all internet connections were made, with 97% of those made through wireless.

MARKET SIZE

The Indian online grocery market is estimated to reach US\$ 26.93billion in 2027 from US\$ 3.95 billion in FY21, expanding at a CAGR of 33%. India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030, growing from US\$ 537.5 billion in 2020, driven by strong adoption of online services such as e-commerce and edtech in the country.



Source : <https://www.ibef.org/industry/ecommerce>

- According to Grant Thornton, e-commerce in India is expected to be worth US\$ 188 billion by 2025. With a turnover of \$50 billion in 2020, India became the eighth-largest market for e-commerce, trailing France and a position ahead of Canada.
- Propelled by rising smartphone penetration, launch of 4G network and increasing consumer wealth, the Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017.
- After China and the US, India had the third-largest online shopper base of 140 million in 2020.



- Indian consumers are increasingly adopting 5G smartphones even before roll out of the next-gen mobile broadband technology in the country. Smartphone shipments reached 169 million in 2021 with 5G shipments registered a growth of 555% year on year in 2021. Indian consumers are increasingly adopting 5G smartphones even before roll out of the next-gen mobile broadband technology in the country. Smartphone shipments reached 150 million units and 5G smartphone shipments crossed 4 million in 2020, driven by high consumer demand post-lockdown.
- According to a report published by IAMAI and Kantar Research, India internet users are expected to reach 900 million by 2025 from ~622 million internet users in 2020, increasing at a CAGR of 45% until 2025.
- For the 2021 festive season, Indian e-commerce platforms generated sales worth US\$ 9.2 billion Gross Merchandise Value (GMV), a 23% increase from last year's US\$ 7.4 billion”.

Contributing Factors In E-Commerce:

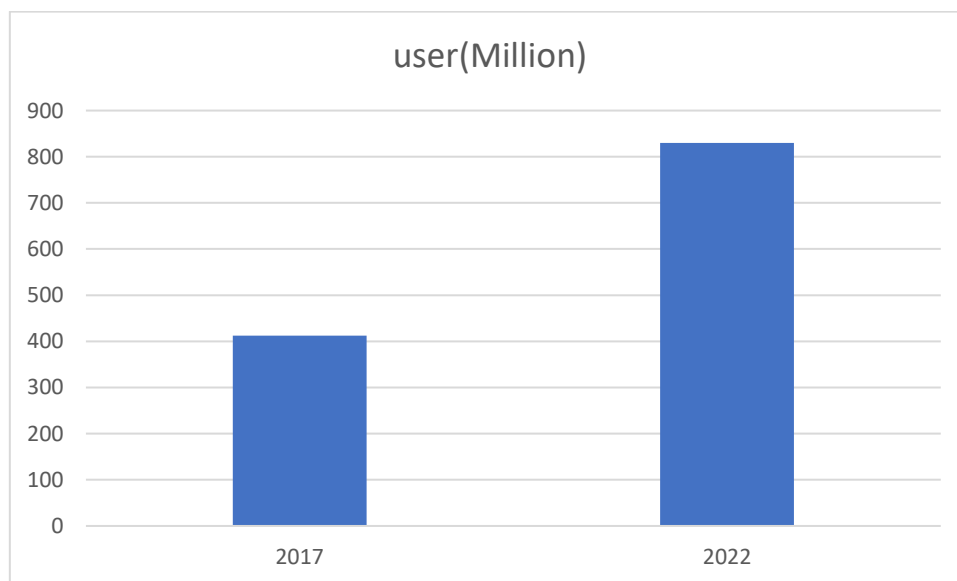
Fashion expanded at the quickest rate of about 69.5 percent over 2014, according to ASSOCHAM Study (2015), followed by electronic goods (62%), newborn care devices (53%), cosmetics and personal care items (52%), and home furnishings (49) according to ASSOCHAM Study (2015). India's quick rise in digital commerce may largely be attributed to the widespread use of smartphones in the country. Cellphones and related accessories now account for the greatest portion of Indian e-commerce sales, according to the study. In addition, it was revealed that over half of all online customers preferred to pay with cash upon arrival rather than credit cards or debit cards (21 per cent). A mere ten percent of those surveyed utilised internet banking, while just seven percent of those surveyed used cash cards, electronic wallets, or other comparable payment methods. “It has been the fastest growing age group online, with both men and women contributing to user growth. 38 percent of daily shoppers are between the ages of 18 and 25, 52 percent are between the ages of 26 and 35, 8 percent are between the ages of 36 and 45, and 2 percent are between the ages of 45 and 60, according to a study of more than 1,000 people. Men account for over 65% of all internet shoppers, compared to women's 35% share.



It has been argued that E-Commerce has brought about yet another shift in the way businesses buy and sell products and services. New ways of doing things have appeared. The establishment of business alliances is less influenced by geographical distances. It's time for e-commerce to take over retail. 3G and 4G wireless networking technologies will have a significant impact on the internet economy. Many developing nations are expected to have 30 to 70 million internet users in the next three to five years. There would be a stronger emphasis on the Internet economy in India at that time. An increasing number of new markets are opening up for both large corporations and small companies thanks to E-rapid commerce's expansion on the internet today. E-Commerce regulation must be established by the government in such a way that basic rights like privacy, intellectual property, fraud prevention, consumer welfare, and so on are all safeguarded while commerce may thrive both domestically and internationally.

Impact Of E-Commerce On India's Economy

E-commerce in India is booming not just because the internet is becoming more widely available, but also because the sector has built a favourable ecology. In India, e-commerce and e-automation have generated great development. Village economies in rural India are being bolstered by e-commerce. Internet penetration in India has increased significantly, according to the NATIONAL REPORT OF e-COMMERCE DEVELOPMENT IN INDIA. As of 2017, India has 412.6 million internet users, which is predicted to rise to 830 million by 2022, boosting the country's online economy tremendously.





It was thus necessary to correlate the rise and effect of e-commerce in the Indian context with the increase in digital penetration and internet penetration.

As the number of digital buyers has risen, it was obvious that internet penetration would expand as well, and as we found in a previous research, m-commerce has grown dramatically as a result, leading to an increase in m-commerce. With the advent of technology and the rise in smartphone and internet operator share, it became evident that internet penetration in India was necessary to have a greater influence on the market”.

Challenges Of E-Commerce In India

Rural India lacks rapid postal services and a smaller population using credit cards. Transmission rates are very sluggish, there are too many disconnects and the cost of Wireless connection is too high, making it difficult to use the Internet. There is a lack of inexpensive, high-speed Internet access for most people in the United States. Most Indians are either ignorant of or unable to communicate effectively in English. Language becomes an important aspect in determining whether or not a product or service is purchased, hired, or sold via the internet through electronic devices. No payment gateways, no security and confidentiality guarantees for personal and company data sent over the Internet prevent widespread deployment of IT infrastructure or its maintenance, resulting in a lack of consumer and corporate confidence in e-commerce technology.

CONCLUSION

As e-commerce expands, it is critical that the most critical technical and legal measures be in place, as well as being regularly updated and enhanced. Despite the fact that many Indian firms, organisations, and communities are beginning to reap the advantages of e-potential, commerce's there are still significant obstacles to be solved before e-commerce becomes useful to the general public. While more consumers are now making their purchases on the internet, government laws must also guarantee that effective methods/solutions are put in place to help businesses grow their brands digitally and enhance productivity. Both in terms of income and geographical expansion are built into the architecture of e-commerce. In order to build client trust in e-commerce, a number of concerns and problems must be addressed.

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