

IMPACT OF E-COMMERCE ON INDIAN ECONOMY

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Abstract

Indian economy is most developing economy in whole world and the largest market in whole world. In context to this there is a vital scope for development of offline and online market. Since last 15 years use of internet and smart phone is very increase which play important role in development of e-commerce market. Necessary infrastructural features like convenient payment method, cash on delivery, fast delivery of product, customer oriented attractive schemes, easy method to return product etc. play very important role in development in e-commerce. Government's different policies like Digital India and Start-up also give motivation to people for online purchase and sales. In India, the e-commerce market was 3.9 billion US\$, which increase and reach to 12.6 billion US\$ in 2013 and 38.5 billion US\$ in 2017. In India mostly electronics items, clothes and cosmetic products are sold through online market which heavily effect on retail market.

Keywords: E-commerce, Infrastructural features, Government policies

INTRODUCTION:

Indian economy is one of the speedy increasing economies in whole world. In India approx 17.00% population of whole world is living. So, there is a huge market for consumer products. Since last two decades increase in middle class income group have been seen. Besides this, due to cheaper smart phones and low internet rate there is huge increase in the users of smart phones and internet, which gives important contribution in development of e-commerce market. Different initiatives taken by Government and launching of different policies like Digital India and Start-up plays vital role in development of e-commerce. There was market for e-commerce in 2009 was only 3.9 billion US\$ which grow up and reach up to 12.6 billion US\$ and 38.5 billion US\$ in the year 2013 and 2017 respectively. According to the researchers, till 2026 there will be 200 billion US\$ market of e-commerce and it will be 4.00% share of GDP of country.

STRUCTURES OF E-COMMERCE:

Based on partnership and transactions, e-commerce is distributed in three parts as follows:

- 1. Consumer to consumer (C2C):**
When any consumer sold his product to any other consumer through the medium of internet is called Consumer to consumer transaction.
In this system consumer sold his product to another consumer through third party. Companies like OLX provides online platform for this type of transactions.
- 2. Business to consumer (B2C):**
When any trader or company or producer sold their product or provide service directly to consumer through the medium of internet is called Business to consumer transaction.
In this system there is no involvement of third party. Companies like Amazon, Flip kart, Alibaba etc. provides online platform for this type of transactions.
- 3. Business to business (B2B):**
When any trader or company or producer sold their product or provide service to any other trader or company or producer through internet is called Business to business transaction.

OBJECTIVES OF THE STUDY:

1. To know the impact of e-commerce on Indian economy.
2. To know the impact of e-commerce on retail market.

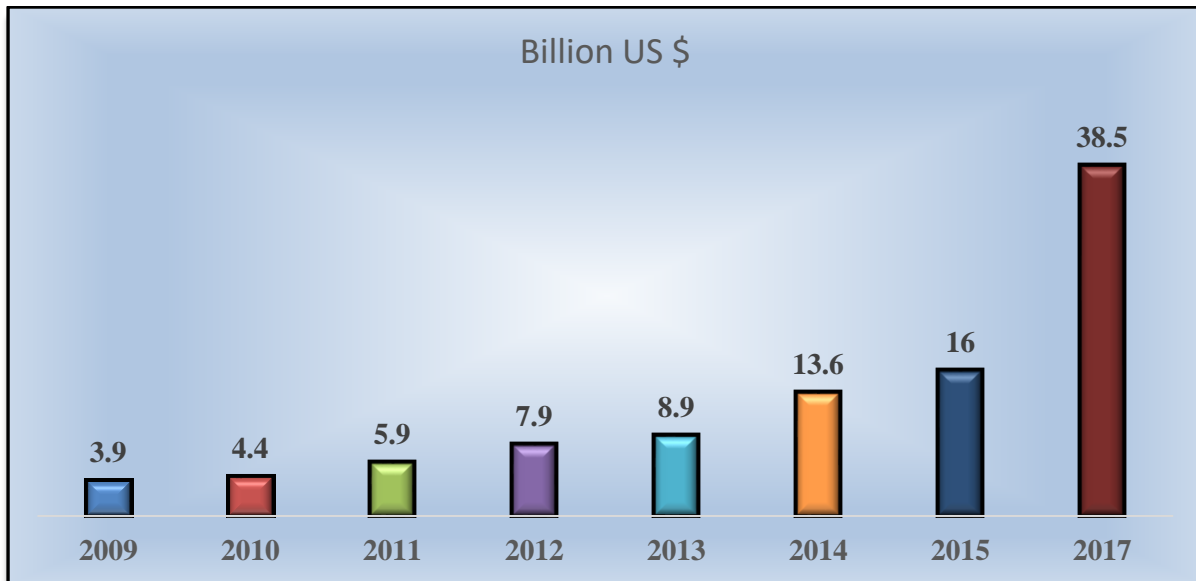
USE OF INTERNET IN INDIA:

The use of internet was started in 1995 in India. In 2018, 475 million users of internet were recorded in India i.e. 40.00% of total population were using internet. This number is second highest in the world after China. In

China 650 million peoples (i.e. 48.00%) were using internet. Although second highest in number of internet users, the ratio of use of internet is very less in comparison to developed countries. In USA 84.00% of total population and in France 81.00% of total population was using internet. For development of e-commerce market increase in internet use is key-factor.

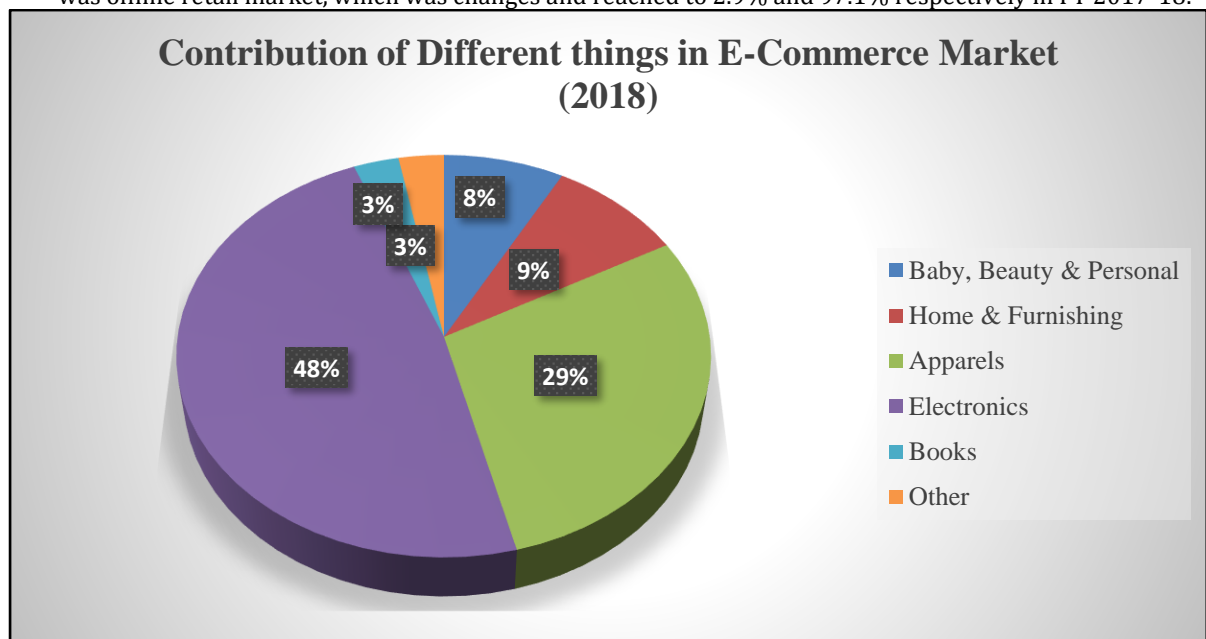
E-COMMERCE MARKET IN INDIA:

In India, increase in use of internet and changes in lifestyle of people is responsible for increase in e-commerce business. According to study by Internet and Mobile Association of India (IAMAI), there was a highest share of online travel business i.e. 70.00% in e-commerce market in India. Besides this in online retail market electronics items like mobile, laptop, mobile accessories etc. sold more. In addition to these clothes, home appliances, cosmetic products and books are also sold online.



(Source: www.ibef.org)

- In India, in the FY 2016-17 out of total retail market the share of online retail market was 1.5% and 98.5% was offline retail market, which was changes and reached to 2.9% and 97.1% respectively in FY 2017-18.



In this way, there is a speedy growth of e-commerce market in India. But this growth is limited to some products and services.

CHALLENGES FOR E-COMMERCE:

The following are some of the challenges for e-commerce market.

- Taxation policy of Government.
- Possibilities of cybercrime.
- To attract the peoples living in small town and villages for online purchase is very difficult.
- Fast changes in business or profession.
- Online business is mostly limited to some products.

IMPACT ON RETAIL MARKET:

There is a possibility of very huge effect of e-commerce on retail market. At present, share of online market is only 2.9% of total retail market, but as the internet facilities and internet users are increases and if any controlled not put on the attractive discounting schemes for customers then it will affect very dangerously to retailers. Because in online business there is huge investment against which the retailers can't be survive.

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