A STUDY ON IMPACT OF E-COMMERCE ON INDIA’s ECONOMY

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Abstract: The process that of doing business through computer networks is known as Electronic Commerce. To buy or sell the products now a person can sit on his chair in front of a computer can access all the facilities of the Internet.

To reduce physical work and to save time ecommerce has made it easier for human, unlike traditional commerce that is carried out physically with effort of a person to go & get products. In the world of computers E-Commerce which was started in early 1990’s has been taken a greater leap, but the fact that has hindered the e-commerce’s growth is security. In the field of security were security is the challenge facing e-commerce today & there is still a lot of advancement were made.

The main advantage of e-commerce over traditional commerce is by sitting at home on their PC the user can browse online shops, make difference of prices and order merchandise.

The details about the company and their product information were known by this software. The stock available products design will be listed. Viewers can order the product who are in need of any product. This report contains two modules. These are product details and order details. The first module contains information about the company and different types of products available in the website. The second module gives the description about the current orders details and also contains details about the customers who have already bought the product.

Key words: E-business E-commerce M-commerce Mobile applications Transactional security Internet Banking EMI

1. INTRODUCTION

Basically the large size countries are expected to serve the labor force in the unorganized sector because it is not possible for the large countries to provide every firm a needed piece of land or to issue the credit from the organized financial institutions. The way we see in India business it is done in dramatic shift from small scale and tiny outlets to developing business backed by the corporate culture in the industrial and service sector. Since 1991 in economic reforms, till date the Indian economy has grown much larger, where the economy of the State is concentrated by which there is overcrowding of the cities. Due to limitations of states and lack of resources it is to develop each city equally, it has been observed that few select cities have come up as the center of growth. In Haryana say for example, the thriving business before economic reforms was in the Panipat but now Gurugram has left behind all the cities in terms of development in the business opportunities and employment generation. It is a hard fact that as cities tend to grow the civic facilities also tend to widen but the flip side is that lot of small colonies also take their place as these are looking for low paid workers. Due to the workers the cities become the source of attraction as they start migrating from backward States to advanced cities. It has been observed that once the expansion of any city starts, it goes to extended reach and handling the law agencies feel difficult in detecting the crime and management of the traffic is also too cumbersome.

E-commerce has so many benefits in our life because it makes convenient in daily life of the people. e-commerce was proposed by several explanations for e-commerce that most of them are based on previous experiences in the use of e-commerce. As with e-commerce, e-business also has a number of different definitions and is used in a number of different contexts. One of the first to use the term was IBM, in the year 1997 of October, when it launched a campaign built around the e-business. Today, major corporations are rethinking their businesses in terms of the Internet and its new culture and capabilities and this is what some people see as e-business. There is no one commonly agreed definition of e-commerce or e-business. Thus, there is a need to clarify terms being used and explain the context in which some of them were being used.

2. RESEARCH METHODOLOGY AND ANALYSIS

From secondary sources the nature of products dealt on e-commerce was available. From secondary sources the growth of e-commerce in cities was also available. The government normal ways of acting for the money put into business by out-of-country investors should be put questions to get stretched to at the reasoned opinion whether bricks and mortar stores face some heat because of, in relation to straight to money put into business which
itself is responsible for keeping the low price and high Bargain power by the highend investors.

**Fig 1.** Year-wise growth in e-commerce

<table>
<thead>
<tr>
<th>Year</th>
<th>E-commerce Industry in India (US$ billion)</th>
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<tbody>
<tr>
<td>2014</td>
<td>14</td>
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<tr>
<td>2015</td>
<td>33</td>
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<td>2016</td>
<td>61</td>
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<td>2019</td>
<td>134</td>
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<tr>
<td>2020</td>
<td>168</td>
</tr>
<tr>
<td>2021</td>
<td>200</td>
</tr>
</tbody>
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**Notes:** *Estimated, F- Forecasted

**Source:** Indian Brand Equity Foundation (July 2019). E-commerce. Retrieved from https://www.ibef.org

Urban India had more than 390 million internet users (as of Dec.2018) out of 444 million population (as per 2011 census). While rural India, which was estimated 906 million population, has more than 213 million users of internet as per the data till Dec. 2018.

Consumers residing in Tier 2 and Tier 3 cities have high aspirations for branded products, but have comparatively limited access. Hence, e-commerce is highly targeting consumers from these cities.

**Fig 2.** Shares of various segments in E-commerce retail by 2018

**Source:** Indian Brand Equity Foundation (July 2019). E-commerce. Retrieved from https://www.ibef.org

Electronics industry seems to be contributing majorly in this industry, with nearly 48% of the share. Apparel industry is second most contributor with 29% share. While the rest 23 % catering to others like beauty, personal care, baby products, home furnishing, books etc.

**Fig 3.** E-commerce Retail logistics

**Source:** Indian Brand Equity Foundation (July 2019). E-commerce. Retrieved from https://www.ibef.org

The retail logistics market of e-commerce in another 5 years it is expected to show growth rate of 36%. Most shipments are executed by associated arms of big retailers and their in house logistics, which was further followed by Logistics Service Providers (LSPs) focusing on e-commerce and some other Traditional LSPs.
3. NEEDS OF E-COMMERCE

Today in our day-to-day life, internet has became a part of our life. Bank system checks mails everyday. Online shopping has become an increasing integral part of our society. Economy of internet is booming and E-Commerce sales are expanding at an average of 20-25% every year. Shoppers are interested in selling on interest for convenience of product reviews by customers and also for updates. A business owner cannot simply stay on an advertisement in fact customers are more interested to check reviews on internet than flipping phone book to call a company. Every business is different, but the requirement of power is same and living on internet is more important to stay competitive. In this heavy race the net operating cost of a website became insignificant compared to the return of investment that the advertisement delivers.

4. EVOLUTION OF E-COMMERCE

4.1 BUSINESS-TO-BUSINESS (B2B): This plays a crucial role in the field of E-Commerce. It consists of all electronic transactions of goods or service that occur between enterprises. This can increase the capacity of managing transactions between an enterprise, their partners and distributors.

4.2 BUSINESS TO CUSTOMER (B2C): This transaction happened in trade with individual buyers. This deals with consumers instead of businessman.

4.3 CUSTOMER TO CUSTOMER (C2C): This kind of E-Commerce focuses on person-to-person trading transaction that excludes businessman. It sells product directly to consumer.

4.4 CUSTOMER TO BUSINESS (C2B): In this type of E-Commerce, individual consumers sells their product to organization. It also dictates the amount of money they can pay for specific goods and services.

4.5 BUSINESS TO GOVERNMENT (B2G): In this type of E-Commerce developed by government, creates a website which serves as channel of communication between government and their citizens.

5. DIFFERENT TYPES OF E-COMMERCE:

There are different types of E-Commerce, but we’re going through only five in this research paper.

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6. ECONOMIC AND SOCIAL IMPACTS

- Adding to growing competition in E-Commerce market people who are able to modify and improve quality of products will gains the profit and helps in increasing of economy of our country.
- Both e-learning and mobile learning improves the access of good educational facility in backward areas.
• Rise of online sales in developing market will encourage retailers to start business in online for great global expansion.
• E-markets are doing well in our country due to high demand in the supply.
• Mobile banking decreases the transaction cost of banks which increases access to financial services through rapidly growing mobile market.

Rural areas which are too costly or low profitable for development of business might be a focus of investment and expansion of markets and also for building corporate offices.

7. UNDERLYING FACTORS IN E-COMMERCE:
According to the ASSOCHAM Study (2015), the clothing sector grew at the fastest pace, nearly 69.5 percent over 2014, followed by electronic goods, which increased by 62%, infant care devices, which increased by 53%, cosmetics and personal care products, which increased by 52%, and home furnishings, which increased by 49%. The expanded usage of smartphones is primarily responsible for India's rapid growth in digital commerce. According to the report, smart phones and mobile accessories have captured the largest share of the Indian digital commerce industry. Furthermore, almost 45 percent of online shoppers reportedly favoured cash on arrival over credit cards (16%) and debit cards (21 per cent). Just 10% used online banking, and only 7% used cash cards, electronic wallets, or other similar payment methods. The 18-25 age group has been the fastest rising age demographic online, with both male and female groups contributing to user development. According to the poll, 38% of daily shoppers are between the ages of 18 and 25, 52% are between the ages of 26 and 35, 8% are between the ages of 36 and 45, and 2% are between the ages of 45 and 60. Almost 65% of online shoppers are men, while 35% are women.

According to Mitra Abhijit (2013), E-Commerce has ushered in yet another movement that is altering the way companies purchase and sell goods and services. New methods of operation have emerged. Geographic distances play a smaller part in the formation of company partnerships. E-commerce is the retail of the future. The internet economy will begin to expand rapidly with the deployment of 3G and 4G wireless networking technologies. In the next three to five years, India will have 30 to 70 million internet users, matching, if not surpassing, many developing countries. The Internet economy would then take on greater significance in India. Through the exponential growth of the internet, E-commerce is poised to play a pivotal role in the twenty-first century, with new markets opening up for both multinational enterprises and small businesses. The government's job is to establish a regulatory structure for E-Commerce such that, while domestic and foreign trade are able to flourish, fundamental rights such as privacy, intellectual property, fraud prevention, consumer welfare, and so on are all protected.

8. E-COMMERCE PERFORMANCE ACROSS INDIA’S REGIONAL MARKETS
Tier-I cities Delhi, Mumbai, Bangalore, and Kolkata are the leading markets for inline sellers in terms of gross sales and revenue. It is estimated that eight orders out of ten come from these cities. Among these, Delhi NCR is the largest online purchasing city, accounting for one-third of total online sales in the world. Non-metropolitan cities house 75% of India's population. These markets, fueled by increasing disposable incomes, internet connectivity, and increased mobile phone use, cannot be overlooked. Recognizing these industry dynamics, internet retailers are attempting to diversify their customer base by reaching out to consumers in their native languages, offering cash back, enticing discounts, and so on. It is projected that by 2020, there will be approximately 1.3 million online retailers, with roughly 70% of these located in tier 2 and tier 3 cities.

![Source: Internet Global Consumer Survey, July 2013](image)

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eCommerce in India – Contribution of Income Groups to total Sales
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9. E-COMMERCE CURRENT STATUS IN INDIA
The Indian e-commerce industry is forecast to reach US$ 200 billion by 2026, up from $38.5 billion in 2017. The use of smart phones and the internet has greatly expanded the e-commerce market. India’s current internet user base is
604.21 million as of December 2018, with a projected increase to 829 million by 2021. India's internet economy is projected to expand to USD 250 billion by 2020, up from USD 125 in April 2017. India's e-commerce revenue is forecast to rise from US$ 39 billion in 2017 to US$ 120 billion in 2020, at a rate of approximately 51% per year.

10. CHALLENGES OF E-COMMERCE IN INDIA

India has less credit card population, lack of fast postal services in rural India. Accessing the Internet is currently hindered down by slow transmission speeds, frequent disconnects, cost of Wireless connection and wireless communication standards over which data is transmitted. High-speed-bandwidth Internet connection not available to most citizens of the nation at an affordable rate. In India, mostly people are not aware about the English language or not so good in English language. So that for the transaction over internet through electronic devices, language becomes one of the major factors to purchases, hire and sell a particular product or services. Multiple issues of trust in e-commerce technology and lack of widely accepted standards, lack of payment gateways, privacy of personal and business data connected over the Internet not assured security and confidentiality of data not in place to deploy ubiquitous IT Infrastructure and its maintenance.

11. CONCLUSION

E-commerce's growth depends on IT security systems for which the most important technological and legal provisions should be updated in place and strengthened frequently. Despite many companies, organizations, and communities in India are starting to take benefits of potential e-commerce, difficult levels of challenges left to be overcome before e-commerce will become an asset for common people. With the development of internet connection throughout all platforms whereas many customers are making decisions online and in this way many enterprises can develop the brand digitally and increase productivity but government policies should also ensure effective methods/solutions. E-commerce is designed to grow both in revenue aspect and geographically. The demand for establishing customer trust in e-commerce constitutes of problems and issues that need further research.

REFERENCES


WEBSITES