

Review on Economic and Social Impact of E-Commerce

***Dr. Vikram Jain**

Abstract

One of the sectors of the Indian economy that is expanding the fastest is e-commerce. E-commerce is a paradigm change that offers consumers a number of benefits, including more options, time savings, and cheaper prices for items. Global e-commerce is expanding quickly. Electronic commerce encompasses not just the purchasing and selling of goods and services on the internet, but also the entire process of creating, promoting, offering, delivering, maintaining, and receiving payment for goods and services. Ecommerce is growing and offering benefits not only to rich nations but also to underdeveloped nations. E-commerce is crucial to the growth of the Indian economy and its globalization. E-commerce is a fantastic tool for understanding and developing the social and economic development of the Indian economy. Globalization, liberalization, and the ease of imports and exports between countries will lead to improved knowledge and information technology growth in economies worldwide. Due to its ability to generate more income and create more jobs in the Information Technology industry, e-commerce is having a significant impact on the Indian economy. With a compound annual growth rate (CAGR) of 52%, e-commerce is India's fastest-growing industry, expected to reach USD 36.7 billion by 2020. It is anticipated that the Indian e-commerce market will expand from US\$ 38.5 billion in 2017 to US\$ 200 billion by 2026. Within the next five years, it is expected to surpass \$100 billion, adding more than 4% to India's GDP. The effect of e-commerce on the Indian economy is discussed in this paper.

Keywords: *Indian e-commerce*

A) Introduction

An innovative method of conducting business is through electronic commerce over the Internet. Even at just three years old, it has the power to drastically change social dynamics and economic activity. Large industries including retail commerce, finance, and communications are already impacted (together accounting for around 30% of GDP). It has potential in fields including government (20% of GDP), healthcare, and education. The biggest effects might be linked to less obvious but potentially more widespread effects on standard business operations like ordering office supplies, paying bills, and estimating demand—that is, on how businesses interact—rather than many of the impacts that receive the most attention, like customized products and the removal of middlemen.

B) Significant Aspects

One of the most significant aspects of the information technology revolution, electronic commerce is now widely used in both the Indian economy and global trade. Electronic commerce, or "e-

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commerce," refers to the exchange of products and services via the internet and electronic media. Businessmen are becoming increasingly aware of the prospects provided by e-commerce these days. E-commerce is not limited to urban areas; it has a strong presence in rural areas as well. India is demonstrating that cellphones and the internet are the main factors driving the expansion of e-commerce. An easier way to make payments, quick product delivery, large discounts, customer-friendly policies, and simple return procedures are encouraging more people to shop online. Definition Of E-Commerce.

C) Objectives of The Study

The main objectives of the study are,

1. To study what E-commerce mean?
2. To study the impact of E-commerce on Indian economy.

D) Methodology of Study

The data used in this article is secondary in nature. The information for the aforementioned paper was gathered from books, journals, periodicals, research papers, government of India publications from the Ministry of Finance, and online sources. To present and comprehend the research issue in this work, exploratory research is employed.

E) Significance of Study

This study's primary contribution is its presentation of the state of e-commerce development in India. Studying the beneficial effects of e-commerce on the Indian economy is also important.

F) Limitations of Study

Because this paper is based on secondary data, it has all of the inherent limitations associated with secondary data. Furthermore, no original data are used in this paper. Another restriction on this study's scope is time.

G) Introduction To E-Commerce

Although there isn't a single definition for electronic commerce, it's usually accepted to mean the exchange of money or data via an electronic network for the purpose of buying and selling goods and services. The conduct of business in products and services with the use of telecommunication and telecommunication-based instruments is known as electronic commerce, according to Roger Clarke. Electronic business supports e-commerce. Mobile commerce, electronic commerce, and other technologies were introduced by electronic commerce. electronic data exchange (EDI), inventory management systems, supply chain management, online marketing, online transaction processing, money transfer, and automated data gathering systems.

Modern electronic commerce typically uses the World Wide Web and e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music

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customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retailing, electric markets, and online auctions.

H) Types of E-Commerce

There are different types of e-commerce, which are as follow,

1. BUISNESS TO-BUISNESS (B2B) – In this type of E-commerce of all electronic transactions of good or services conducted between 2 companies. This type of e-commerce includes intra system and electronic markets.
2. BUISNESS TO CUSTOMER (B2C) – In this type of E-commerce the transactions are carried out in the retail trade with individual buyers. This typical buyer of any store on the site is a consumer or a buyer.
3. CUSTOMER TO CUSTOMER (C2C)- in this type of e-commerce consumer sells its product directly to consume.
4. CUSTUMER TO BUISNESS(C2B)- In this type of e-commerce, individual consumer of goods or services sells their product to organisation.
5. BUISNESS TO GOVERNMENT (B2G) – In this e-commerce section it compromises of commerce between companies and public sector is listed.

I) Impact Of E-Commerce On India's Economy

E-commerce is expanding in India not only as a result of rising internet usage but also because of the supportive environment that the industry has created. In India, e-commerce and electronic automation applications have experienced rapid growth. E-commerce is bringing businesses and rural India together, which is boosting the village economy. It was made quite evident in the NATIONAL REPORT OF E-COMMERCE DEVELOPMENT IN INDIA that there has been a significant increase in internet usage in India. The number of internet users increased to 429.23 million in 2017, and this number is predicted to rise sharply to 829 million in 2021, greatly boosting India's digital economy.

It was therefore necessary to establish a connection between the development and effects of e-commerce within the Indian context, given the country's increasing use of digital technology and the internet. It was evident that as the number of digital buyers expanded, internet penetration would inevitably rise as well. As we previously said in a study, m-commerce has also grown dramatically, which has contributed to the growth of m-commerce. Therefore, it became evident that internet penetration was essential to having a bigger influence on the Indian market as a result of technological advancements, the rise in smartphone and internet operator shares, and other factors.

In the union budget of 2017-18 government has allocated us\$1.55 billion to Bharat Net project.

As a result, e-commerce significantly boosts the expansion of Indian businesses. It is anticipated that the Indian e-commerce market will expand from US\$ 38.5 billion in 2017 to US\$ 200 billion by 2026. Smartphone penetration and the internet account for the majority of the growth. India's e-commerce

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revenue is predicted to rise at the fastest rate in the world, of 51% annually, from US\$ 39 billion in 2017 to US\$ 120 billion in 2020.

J) Market Size

2018 is predicted to see a 31% increase in online retail sales in India, with Paytm Mall, Flipkart, and Amazon India leading the way at US\$ 32.70 billion. India's internet penetration increased at a compound annual growth rate (CAGR) of 24% from 2007 to 2019, rising from just 4% in 2007. By 2021, there will be 829 million internet users in India, up from 687.62 million in September 2019.

K) Investments/ Developments

Some of the major developments in the Indian e-commerce sector are as follows:

1. In January 2020, Divine Solitaires launched its E-commerce platform.
2. In February 2020, Flipkart set up a 'Furniture Experience Centre in Kolkata, its first offline presence in eastern India.
3. In April 2020, Reliance Industries (RIL) started home delivery of essentials in partnership with local kirana stores in Navi Mumbai, Thane and Kalyan.
4. In April 2020, Swiggy received an additional US\$ 43 million funding as part of its ongoing Series I round.
5. In May 2020, PepsiCo India partnered with Dunzo for its snack food brands that include Lay's, Kurkure, Doritos and Quaker.
6. In May 2020, chocolate maker Hershey India partnered with Swiggy and Dunzo to launch their flagship online store in order to increase reach.
7. In Union Budget 2020-21, Government has allocated Rs 8,000 crore (US\$ 1.24 billion) to BharatNet Project to provide broadband services to 150,000-gram panchayats.
8. In August 2019, Amazon acquired 49 per cent stake in a unit of Future Group.
9. Reliance will invest Rs 20,000 crore (US\$ 2.86 billion) in its telecom business to expand its broadband and E-commerce presence and to offer 5G services.
10. In September 2019, PhonePe launched super- app platform 'Switch' to provide a one stop solution for customers integrating several other merchants' apps.
11. In November 2019, Nykaa opened its 55th offline store marking success in tier II and tier III cities.

L) Government initiatives

Numerous programs, including Digital India, Made in India, Start-up India, Skill India, and Innovation Fund, have been announced by the Indian government. The following are a few of the significant steps the government has made to encourage e-commerce in India: In October 2019, Union Bank of India and Government e-Marketplace (GeM) inked a Memorandum of Understanding (MoU) to

provide a cashless, paperless, and transparent payment system for a range of services. In October 2019, the Indian government unveiled the Draft National E-Commerce Policy in an effort to encourage foreign direct investment in the e-commerce marketplace model. The Indian government raised the ceiling on foreign direct investment (FDI) in E-commerce marketplace models to 100% (in B2B models) in order to facilitate the involvement of international firms in the industry. The government has made significant investments to lay out a fiber network for 5G, which will assist increase e-commerce in India.

M) Achievements

In March 2020, the Unified Payments Interface (UPI) registered 1.25 billion transactions, amounting to Rs 2.06 lakh crore (US\$ 29.22 billion). Over 26 million women in India benefited from the Internet Saathi project, which covered 2.6 lakh villages and 20 states. Under the Digital India movement, the Indian government launches a number of initiatives, including Udaan, Umang, the Start-up India Portal, and others. Bharat Interface for Money (BHIM), a straightforward mobile-based platform for digital payments, was introduced by the Indian government.

N) Conclusion

E-commerce is becoming a necessary component of daily life. E-commerce is starting to show promise as a means of verifying the rapidly expanding Indian economy. The internet is becoming more and more widely used, and e-commerce presents an alluring opportunity for shops to thrive. More funding for new and ground-breaking business concepts as well as supporting infrastructure should be allocated to India in order to accomplish this. E-commerce is likewise seeing a phenomenal rise in promoting international trade, erasing national borders. It plays a crucial role in the GDP contribution as well. E-commerce is also driving more imports of goods, which will help many facets of society by advancing information, skills, technology, and marketing strategies. It will also create jobs. Due to its ease of use, affordability, and speed, digital marketing is likewise expanding more quickly.

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