

# IMPACT OF E-COMMERCE ON INDIAN ECONOMY

**Mr. Chandrashekar. P**

Research scholar

SJB College of Management Studies

University of Mysore

email id: [chandru.appicom.shekhar@gmail.com](mailto:chandru.appicom.shekhar@gmail.com)

**Ms. Meghana D N**

Asst professor

Dept of commerce and management studies

BGS B SCHOOL, Kengeri

Email id: [meghananingaraju6@gmail.com](mailto:meghananingaraju6@gmail.com)

## ABSTRACT:

E-commerce (electronic commerce) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, that is through internet. E-commerce is powered by the internet. Customers use their own devices to access online stores. They can browse products and services those stores offer and place orders. Especially, online shopping is a rapidly growing e commerce area. Online stores are usually available for 24 hours a day and many consumers have internet access both at work and at home. A successful web store is not just a good-looking website with dynamic technical features, listed in many search engines. This study aims to establish a preliminary assessment, evaluation and understanding of the characteristics of online shopping. The growth in technology offers good opportunities to the seller to reach the customer in faster, easier and in economic way. Online shopping emerged very soon from last few years. E-Commerce and e-shopping create opportunities for businesses to reach consumers globally indeed, they are transforming retailing. Consumers now have various online and offline options from which to choose, and, without a compelling reason to choose one retailer over another, they rotate purchases among multiple firms. The Indian e-commerce market is projected to grow from US\$ 123 billion in 2024 to US\$ 292.3 billion in 2028. India's e-commerce platforms achieved a significant milestone, hitting a GMV of US\$ 60 billion in fiscal year 2023, marking a 22% increase from previous year. Although currently the total e-Commerce spends in India accounts for less than 2% of the total retail spending, e-Commerce has become a key driver to create new markets in erstwhile unreachable geographies. This trend however does not hold true for the B2B e-Commerce companies which are profitable with greater GMV values. The Indian e-commerce industry is projected to reach US\$ 325 billion by 2030 experiencing significance growth.

## INTRODUCTION

The Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. It is projected to cross \$100 billion within the next five years which will contribute more than 4% to India's GDP. This paper reveals the impact of e-commerce on Indian economy. Electronic commerce is a one of the most important parts of the information technology revolution which became widely used in the world trade in general and Indian economy in particular. E Commerce stands for electronic Commerce which means dealing in goods and services through the electronic media and internet. Now a days there is a tremendous growing rate of awareness among businessmen about various opportunities offered by E-commerce-commerce business is not only connected to urban area but also it is widely connected in

villages too. India is showing the increase of smartphones and internets are mostly contributing to the growth of e-commerce. Convenient payment process, speedy delivery of product, high discount, customer friendly policies and easy returns are driving more customers towards online shopping. E-commerce is defined electronic commerce or EC, is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network. According to Roger Clarke, electronic commerce is defined as the conduct of commerce in goods and services, with the assistance of telecommunication and telecommunication-based tools. E-commerce is supported by electronic business. Electronic commerce introduced various technologies such as mobile commerce, electronic funds transfer, supply chain management, online marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection 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 customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retailing, electric markets, and online auctions.

## DEFINITION OF E-COMMERCE

“Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions.” Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.

## TYPES OF E-COMMERCE

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.

## OBJECTIVES OF THE STUDY

The main objective is-

To study the impact of E-commerce on Indian economy.

## METHODOLOGY OF STUDY

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. In this paper the data is collected secondary in nature.

## SIGNIFICANCE OF THE STUDY

The main significance of this study is to present the current scenario of growth of E commerce in India. And another significance is to study how the E-commerce impact on Indian economy in positive way & negative way.

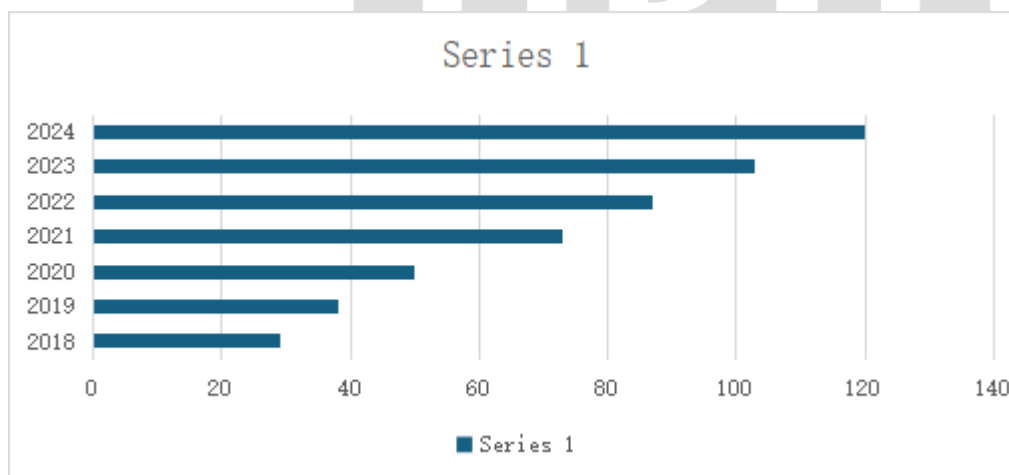
## LIMITATIONS OF THE STUDY

This paper is based on secondary data so that this paper possesses all inherent limitation of secondary data. And in this paper no primary data is used. Time constrain is also one of the limitations of this study.

## IMPACT OF E-COMMERCE ON INDIAN ECONOMY

E-commerce in India is growing not just because of the internet penetration is increasing but also due to the favourable ecosystem developed by the market. E-commerce and electronic applications in automation has brought in tremendous growth in India. E-commerce is connecting rural India for the business hence develop village economy. According to NATIONAL REPORT OF E-COMMERCE DEVELOPMENT IN INDIA, it was clearly stated that there is increase in internet penetration in India to very large extent. There were **751.5 million** internet users in India in January 2024. India's internet penetration rate stood at **52.4 percent** of the total population at the start of 2024. Kepios analysis indicates that internet users in India **increased by 19 million** (+2.6 percent) between January 2023 and January 2024. With the increase of digital penetration and increase of internet penetration in Indian context, it was thus needed to link between the growth and impact of e commerce in context of Indian scenario." With the increase in digital buyer, it was quite clear the internet penetration will thus also ultimately rise to certain extent. Thus, with the advancement of technology and increase in share of smartphone and internet operators it was quite clear that internet penetration was much needed to make a more significant impact on the Indian market.

### Market size of online retail industry across India from 2018 to 2024



Source: statista

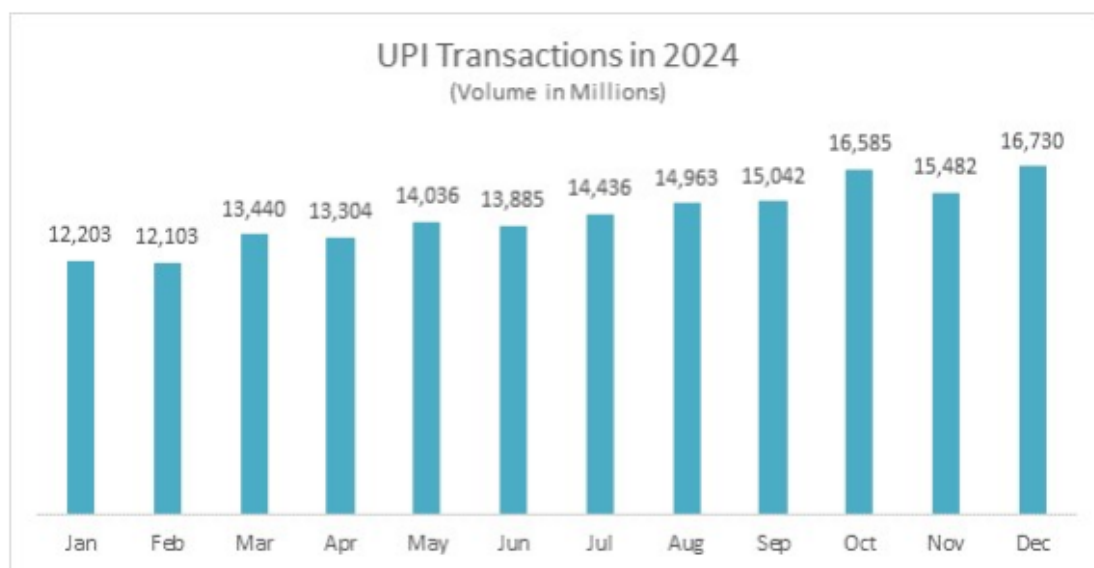
Accordingly, E-commerce tremendously increases the business growth on Indian economy. The Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. Most of the growth is done through internet and smartphone penetration.

**Government initiatives** The Government of India has announced various initiatives, Such as Digital India, Make in India, Start-up India, Skill India and Innovation Fund. Some of the major initiatives taken by the Government to promote E-commerce in India are as follows: Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019. The Government of India release introduced the Draft National E-Commerce Policy to motivate FDI in the marketplace model of E commerce in October 2019. For the purpose of the participation of foreign players in E-commerce, Indian

Government hiked the limit of FDI in E-commerce marketplace model to up to 100 per cent (in B2B models). Heavy investment is done by the Government in rolling out fibre network for 5G will help boost E-commerce in India.

## ACHIEVEMENTS

In 2024, UPI processed **around 172 billion transactions**, marking a 46% increase from 117.64 billion in 2023. This rise underscores a broader cultural shift toward financial inclusivity, with UPI being a central pillar. Internet Saathi project benefitted over 26 million women in India which reached 2.6 lakh villages and 20 states. The Government of India introduces various initiatives under Digital India movement various initiatives like Udaan, Umang, Start-up India Portal etc. The Government of India introduced Bharat Interface for Money (BHIM), a simple mobile based platform for digital payments.



## CONCLUSION

Today E commerce has become an integral part of everyday. E-commerce is emerging as an important tool to certify exploding growth of Indian economy. With a rapidly growing internet penetration e-commerce offers an attractive option for the retailers to expand. E-commerce's transformative influence in India is multidimensional, impacting consumer behaviour, the economy, and policy considerations. Balancing the benefits of economic growth, consumer protection, and societal well-being requires collaboration between policymakers, businesses, and society. As India navigates the ever-evolving e-commerce landscape, proactive and adaptive policies will be essential to harness the potential of this digital revolution. The surge in online shopping frequency promises economic prosperity, job creation, and enhanced tax revenue for the government. E-commerce contributes to the digital economy's growth, fostering a conducive environment for startups and small businesses to thrive. Clothing and fashion (70%), electronics (55%), and books and media (45%) emerged as the top categories purchased online. On the other hand, in India, logistics and courier services required lots of improvement. While, perfect and strong logistics service is one of the key reasons behind the success of any online company, India is lagging far behind in this sector as most of the town and small villages are still not covered under serviceable area of many of the courier and logistic companies. eCommerce is hampered in a big way owing to the limited services offered by the courier service companies. Tax rate system of Indian market is another factor for lesser growth rate of eCommerce in India in comparison to other developed countries like USA and UK. In those countries, tax rate is

uniform for all sectors whereas tax structure of India varies from sector to sector. This factor creates accounting problems for the Indian online business companies. Asked about the most exciting developments taking place in the e-commerce space in India today, Mehta mentions the rise of 'phygital' commerce: "Today's customer is channel-less and seeks connected experience and connected journeys anytime, anywhere, anyplace. To address this, many Indian retailers are increasingly going 'phygital' (a combination of digital and classic retail). This is now being driven predominantly by brands operating in the fashion and lifestyle category. The line between online and offline is getting blurred as players are realizing that a complete 360 degree shopping experience can be provided by bringing the best of both worlds".

## Reference-

1. Bhargab Kalita. Impact of E-commerce on Indian Economy, ICEIS 2016.
2. OECD. ICT Key Indicators. Information Technology Outlook. 2010. (35) IMF, World Economic Outlook, 2006/2011.
3. BCG & IAMAI (2015). India @ Digital Bharat. Creating a \$200 Billion Internet Economy. Mumbai: The Boston Consulting Group
4. Malhotra Bhavya, E-Business: Issues & Challenges in Indian Perspective, Global Journal of Business Management and Information Technology, ISSN 2278-3679 Volume 4, Number1
5. www.wikipidia.com

A large, light blue watermark logo is centered on the page. It features a stylized lightbulb shape with a circular base and a vertical stem. Inside the circular base, the letters 'IJRTI' are written in a bold, white, sans-serif font. The logo is semi-transparent, allowing the text of the article to be seen through it.

IJRTI