Ecommerce Impact on Indian Economics

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ABSTRACT
The paper discussed about impact of ecommerce industry on economics of India. Indian ecommerce market is fastest growing market in the world and expected to reach $64 billion by 2021 growing at five year CAGR of 31.2 percent. Deep penetration of mobile internet service is becoming the backbone of ecommerce industry. The ecommerce market will account for 2.5 percent of GDP by 2030. Industries such as grocery store, consumer electronics, apparels, beauty & cosmetics are using ecommerce platform for market expansion and market capitalization. Ecommerce provides an unbiased platform for all SME’s to reach large number of customer from rural to urban. With effective implementation of technologies such as block chain, IoT, artificial intelligence ecommerce industry will going to become strong contributor in development of Indian economy.

Keywords-- ecommerce, economics, market capitalization, market expansion, technologies

I. INTRODUCTION
In last few years buying and selling of goods has widely changed the dynamics of the whole industry. Just like the growth of IT sector in 1990’s, 2010’s had seen remarkable growth of ecommerce industry in India. Information technology has not only made a remarkable impact on life of human beings; but it has also largely changed business dynamics like the way business can be done. With application of information technology consumer industry has been revolving. It has taken almost a decade for ecommerce industry to make its set up in India and it’s still in the developing stage with growth rate fastest as compared to other developing economies. Different categories of products are coming under the umbrella of ecommerce such as, grocery store, consumer electronics, apparels etc. Indian economy new to ecommerce set up and with its introduction many other industry are becoming stronger and creating huge employment opportunities. Deep penetration of internet, rapid technology adaption in terms of smart phones has played major role in attracting customers towards online shopping.

Ecommerce is not only satisfying the need of end user customers but also of the industry. In business terms ecommerce is catering to B2C and B2B. B2C means Business to end user customer e.g. www.amazon.com, www.flipkart.com and B2B means manufacturer to wholesaler or wholesaler to retailer. According to Frost & Sullivan, the B2B business is expected to reach double that of B2C, generating revenues of 6.7 trillion USD by 2020. Example of B2B ecommerce business models are www.power2sme.com, www.bizongo.in.
Ecommerce has also opened one more form of business traction which is C2C. In consumer to consumer model one consumer can sell his product or service to other consumer. Example of C2C ecommerce business models are www.olx.in, www.flickr.com, www.magicbricks.com etc.

Digital population in India will reach 1 billion users by 2030 which will be second largest in the world. According to Goldman Sachs, India’s ecommerce market to account for 2.5 percent of GDP by 2030.

II. OBJECTIVE OF STUDY
To study how ecommerce has leads economic development of India. To analyze growth of ecommerce in India.

III. REVIEW OF LITERATURE
Enhancement of efficiency along with cost cut back (Fink, 1998), improvement in business performance and responsiveness (Venkatraman, 1994) and increased competitiveness (Blili & Raymond, 1993) are among the few boons of ICT that has been prominently visible in ecommerce since last decade.
Evolution of technology and associated information and knowledge help establish society’s production capacity and standard of living which are decisive to the economic growth of the nation (Pohjola, 2001), (M. Castells, 2000).

Studies found that contribution of ICT towards economic growth of OECD countries rose from 0.5% to 0.9% in late 90s and grew consistently over the years (Colecchia & Schreyer, 2001).

In order to take advantage of e-commerce business, there has to be a proper business model as well as other strategies so that the business is sustainable and provides economic growth (Mafe & Blas, 2006).

Effective usage of internet by Indian SMEs would fetch 32% more revenue and 43% higher profits (FICCI & Nathan Associates Inc, 2013).

Researches show developing economies have more possibilities of gaining advantages of e-commerce than the developed economies as developing economies have wider scope of reducing inefficiencies and increase production (Mirmiran & Shams, 2014).

Development of ecommerce has leads to development of logistic industry in china which effectively contributes to the development of country (Huirong, 2014).

McKinsey & Co. says impact investing in India has the potential to grow from $1 billion worth of investments in 2015 to $6-8 billion by 2025.

IV. RESEARCH METHODOLOGY

The research is based on secondary data collected through government & industry reports.

V. DISCUSSION

Birth of Ecommerce

The concept of ecommerce was introduced in 1990 in India. From 1999 rediff.com had tried to establish in ecommerce business by attracting the Indian consumers. After that india times.com shopping had also tried to convince Indian consumers to buy online but none of rediff & indiatimes got success in that. IRCTC was the first to successfully implement ecommerce portal. After that different airline, travel booking companies such as makemytrip.com, yatra.com had come. But till the time only services based industry were looking at ecommerce as an option for making their business. In 2007 flipkart.com had started using ecommerce platform for selling variety of products. In a span of few years Snapdeal.com, Jabong.com, Matra.com had started making their impact in ecommerce industry.

By the time world has come to know the potential of ecommerce market in India. As a result of which ecommerce players had started attracting millions of venture capitalist investment and funding rounds from the markets. VC funding comes as an impetus for ecommerce sector in India.

Factors Responsible For Growth of Ecommerce

- Lower cost of mobile and broadband internet
- Proliferation of 3G/4G internet services providers
- Changing lifestyle of urban India
- Rise in the number of internet users
- Acceptance of online payment models
- Rapid growth of supportive ecosystem require for ecommerce
- Venture capitalists and private equity players have shown faith and potential in ecommerce industry

Ecommerce Accelerating Growth of Indian Economy

- Ecommerce have given booster to various businesses such as manufacturing, transport. This will leads to overall financial growth of various sectors.
- Now ecommerce not only limited to tire1 cities; as a effect of digitization and mobilization now marketers have wider reach to untapped potential customers.
- To cater to demand of wide area of customer’s marketers are creating warehouses for effective management of supply chain process.
- Ecommerce has potential of creating millions of job opportunities.
- Start up and micro industry can utilize ecommerce infrastructure for their business which effectively increase contribution of unorganized sectors in Indian economy.
- India has highest percentage of earning young population having high purchasing potential which will be play major role in expansion of ecommerce ecosystem.
- Ecommerce has absorbed large amount of impact caused by demonetization and helps economy in steady growth.

Impact of Ecommerce on Indian Economy

The impact of ecommerce on Indian economy is still in embryonic stage. Number of sectors such as Technology, Logistics, Travel, Education, Online retail has seen major able impact.

Ecommerce has brought major changes in technology in current business environment. Introduction of technology such as Blockchain, IoT, Artificial Intelligence, Machine Learning, drone Delivery has given different way for marketers to target customers and creating customer value by providing digital experience. Big data analytics helps businesses to analyze critical data and make accurate projections on demand so that they can reach their customers demand.

Logistics is the backbone of any business environment. As numbers of ecommerce users are increasing logistics needs to on its edge to cater diversified
demand. Logistics industry expected to reach $2B by 2019. For catering such huge demand of market there is large numbers of employment opportunities in logistics industry. Online retail is retail of next generation having high growth potential in near future. Currently E-retail sector is contributing 1% and projected to contribute up to 3% of total retail sales by 2020. And the industry is estimated to reach $100B by 2020 from $30B in 2016.

For efficient implementation of ecommerce industry there are numbers of other supporting businesses are coming up such as digital marketing, data mining, market analytics, payment gateways etc.

VI. OPPORTUNITIES

There are many untapped sectors which can use ecommerce for effective implementation of their services or products e.g. Healthcare sector.

There is huge untapped demographic market which is way behind using ecommerce.

Effective use of technologies such as IoT, AI will help to enhance ecommerce growth.

VII. CONCLUSION

Ecommerce is steadily increasing and becoming the market driving factor. Ecommerce is creating biggest revolution in the industry and impacting highly on economic development of the country. Organized & unorganized sector need to work in hand in hand to ensure better prospect of the consumer driven industry. Developed countries has successfully implemented ecommerce model and they are making it successful like brick and motor model. Indian industries need to learn effective implementation of ecommerce business model. Ecommerce is continuously making its business impact and it’s needed to take advantage from effective implementation of new technologies. Effective implementation of business model, technology strategy and timely investment in R&D will help ecommerce sector to drive Indian economy to e-economy.

REFERENCE