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A review on growth parameters of e-commerce in India's economy

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Abstract

The relevance of ecommerce in India's economy is revealed in this research. India's economy is one of the world's fastest growing. Government action and big investment inflows in the form of direct foreign investment economies like India are critical to stabilizing and strengthening the ecommerce industry. According to official data, the internet use in India is available to 429.23 million users and expected to grow further approximately 830 million by the year 2022. In 2017, India's online economy was worth 125 billion dollars, indicating a considerable increase in e-commerce. In this paper, we will examine the government's participation in the ecommerce industry, as well as the many impediments to ecommerce in India. "In this study We will focus on B2C Ecommerce and its contribution to the Indian economy as a proportion of GDP. We'll also discuss the importance of entrepreneurs and the importance of ease of doing business in India, which placed 100th out of 190 nations in 2017 after ranking 132nd in 2008." One of the most crucial advantages of e-commerce for a business company is country like India's ability to help emerging rural regions leapfrog.

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I. Introduction

E-commerce has grown in popularity as an essential part of modern life. Most people, particularly in metropolitan regions, consider access to online shopping platforms to be a necessity rather than a privilege. For nearly every part of our lives, there are various E-commerce platforms (rather than traditional physical platforms) are available), ranging from the purchase of ordinary home items to online brokerage. The internet has grown to be the most important, frequently used, and necessary medium Gautam, A., Saxena, P. S., & Shiwani, S. (2017). It will undoubtedly strive in the twenty-first century. to increase sales and growth through the internet. Global retail Ecommerce by the end of 2018, sales will have surpassed $1.915 trillion according to marketer Tao, Y. H., Liu, S. C., Jang, M. D., & Chao, C. H. (2013). With the rise of digital penetration around the world, as well as cheap and accessible internet connection, it is likely to accelerate the expansion of ecommerce around the world, while many traditionalists are concerned about the shift in sales patterns caused by the internet Arul Rajan, K. (2020). With the advent of low-cost, high-speed internet, as well as a variety of security options, many individuals and businesses have linked their businesses to e-commerce. Today, it's nearly hard to grow without being online. Thus, having a proper structure, availability, and ease of access to online sites is highly recommended to grow more and earn more profit, because it determines not only profit, but also the firm's position and ranking in the global business world. As a result, there has been a considerable increase in e-commerce retail sales over the years, Retail e-commerce sales will exceed $7 trillion by 2025.

II. Literature Review

According to the paper titled " The Influence of E-Commerce," on the Shebazbano Salim Khan, S. N. Borhade, and Mainuddin S. Shaikh wrote " The Indian Market: A Social and Economic Analysis Considerations" Implications." investigate how electronic commerce works affects the Indian market (e-commerce) as part of the IT revolution has become a major part of the global economy in general, as well as the Indian economy specifically. The economic and social impact of e-commerce is explored in this E-commerce is currently popular. In the last year, the customer base of the company has grown between one million and 2.5 million in four years. Branded and unbranded home décor fashion, accessories, and technological products among the most popular imported good commodities among Indians."

"Dr. Kishore Kumar Das and Affreenara" wrote in their study "Indian E-Commerce Growth "that E-commerce is one of the most rapidly growing businesses, with India offering a large investment market exists. Since last year, there has been a big increase in investment, with even more predicted in the following years. In both urban and rural areas, the rapid development in mobile and internet users has facilitated ecommerce operations. The terms "study of commerce," "major "growth drivers," "potential "market expansion," "investment," "retail market," and "logistics infrastructure" are all terms used to describe market growth," and "internet" legislation," "important difficulties," and the "future of ecommerce "are among the themes covered. "Mustafa Yapar and sedabayrakdar discussed the importance of e-commerce in study thesis titled "The Impact in terms of taxation Issues on Ecommerce Development. "Globalization's effects, as well as rapid technological advancements, are felt in knowledge and technology, raising the extent to which e-commerce is practiced Anuj, K., Fayaz, F., & Kapoor, N. (2018). Businesses can sell their goods and services in a variety of ways all over the world thanks to e-commerce, while also allowing consumers to have easy access to goods and services. E-commerce Taxation is a critical a problem for countries, businesses, as well as consumers who wish to be competitive engage in e-commerce. Difficulties such as unpredictability and duplicate counting taxes make e-commerce parties hesitant and impede the growth of the industry negatively. The impact in terms of taxation issues on the growth of electronic commerce. This research will investigate. We will concentrate on how to promote e-commerce while adhering to tax regulations."

III. Objectives

The primary goals of this study are as follows:

To analyze the current trends in Indian e-commerce initiatives by the government and various schemes in the India's e-commerce market is expanding and the impact of e-commerce on India's Education and employment rates.

IV. Data and Methodology

Method of Data Collection: Secondary data was collected by referring to various research papers of a similar nature to ensure the format and type of data graphs analysis. Aside from this, data from other certified sources Banks and sources are employed to gather information then interpreted to analyze data.

Type of Research Design: The research is both exploratory and descriptive nature. It is descriptive in the sense that it establishes the relationship between the literacy rate of the country and the given parameter. Investigative research gathers information from various sources parameters and attempts to establish a causal the relationship between variables parameters.

Parameter: The parameter is employed to determine a connection among the indicators. e-commerce, literacy rate sales, internet Growth, the use in terms of unemployment and other indicators are used to calculate comprehension of indicators.

An Overview of the Indian E-Commerce Market

E-commerce in India is the world's The fastest-growing economy. Indian e-commerce is expanding at the fastest rate in the world, at 51% per year, and is expected to grow from $30 billion in 2016 to $120 billion by 2020. With $680 billion in online retail sales in 2016, China led the world in 2016 online retail sales. China is the world's the most important Market for e-commerce, followed by the United States followed by India. Even though in India, e-commerce was used prior to the 1990s, its contribution was insignificant. Recently, many blue-chip private equity firms have made significant investments in India e-commerce because there is significant potential and opportunity for success. In India, 100 percent FDI is permitted in B2B e-commerce, demonstrating the government's intention and contribution to the Indian e-commerce industry. In relation to the India's e-commerce market, electronic commerce growth in India is highly reliant in terms of sub-factors listed below influence the Indian economy. a few of these factors are –

Figure-1

- Participation of small businesses when it comes to online trading
- Unrivaled FDI
- GST uniformity

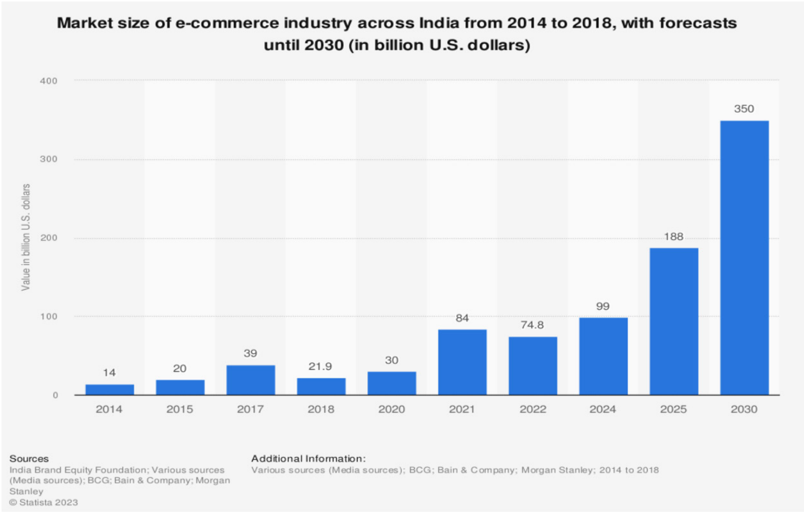

Figure 1

Indian E-Commerce Market growth in India

Source: https://www.statista.com/statistics/792047/india-e-commerce-market-size/

Digital penetration in Indian economy

With the growing role and significance of the internet and digitization in India, it is now more important than ever to have a smartphone that is active an adequate internet connection. Using the increased E-role commerce's in India, as well as its substantial contribution and growing share of e-commerce of total retail sales. In 2015, 18.21% of India's population t owned a smartphone, which is expected to rise to 39% by 2019. India's smartphone penetration is driven by the fact that India is the world's largest market for smartphones, market share is expected to triple between 2013 and 2017, reaching $1 billion. The rise in the number of smartphones and good internet connectivity is a critical factor in increasing the impact of e-commerce in the Indian economy. The graph above depicts an increase in digital penetration in India, from 30% in 2014 to 64% by 2019. The availability of many electrical appliances and their positive influences have contributed to a growing trend.

E-commerce in India has grown at an unheard-of rate during the past five years. A desirable online client base has been created as a result of rising internet usage, quick technological adoption, and high sales of technological devices like smartphones and tablets. Common Indians now

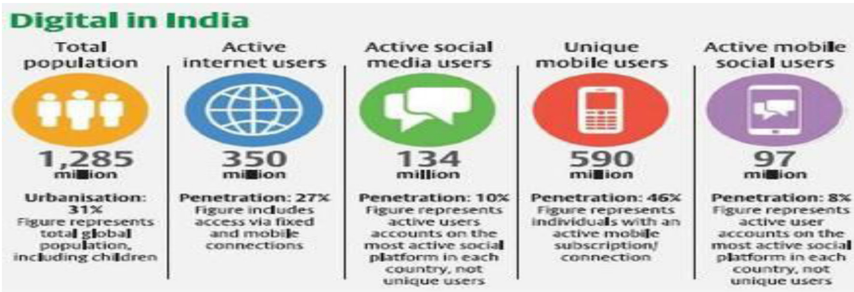

Figure 2

Digital penetration in India

Source: https://empowerias.com/blog/daily-articles/internet-usage-in-india-and-the-digital-divide-empower-ias

live in a socially transformed world thanks to digitization. The current administration has launched a programme named "Digital India" to modernise society and connect the entire nation. The macroeconomic impact of digitisation on the Indian economy has not yet been determined. The great advantages of digitization also present political difficulties for decision-makers in creating the conditions for smooth digitization as shown in Figure 2.

Internet Access in India

According to the NATIONAL REPORT ON INDIA'S DEVELOPMENT OF E-COMMERCE, internet penetration is increasing to exceptionally large extent. Internet users increased in 2017 to 429.23 million with a massive increase to 829 million by 2021, assisting India's internet economy to significantly expand. Using the rise in internet penetration and digital penetration in an Indian context it is necessary to establish a link between e-commerce expansion and influence in the Indian context. with the rise of digital buyers, it was clear that internet usage would eventually rise to a certain extent.

According to the Figure 2, there has been a significant increase in internet penetration in India, as e-commerce sales in India have increased because of internet penetration. Although internet service providers play an important role, the In India, 2G, 3G, and 4G are all available, as well as the subscription cost fees for these connections' operators, are relatively low in comparison. As a result, internet penetration in India has increased overall. In 2016, India came in second place overall with people who use the internet. In 2016, there were 391,292,635 internet users in India, accounting for 29.55% of the population. Even though India has a large population, the figure of 29.55% is not particularly encouraging. It is also discussed India's as well as a lack of influence on the social and political levels a large number of people, primarily people from the countryside or the poor, are still unaware of the positive implications of the market for the internet, and how important it is these data are for a developing country like India. Though poverty and unemployment continue to be major causes of low living standards and lack of knowledge and awareness among Indian citizens, according to report to UNIDO, males are the most dominant gender in terms of e-commerce use. In 2015, approximately 70% of users were male, implying that there were in India, only 29% of e-commerce users are female. This document spoke highly of women's status in Indian society, and thus everyone else is concerned regarding social standing accorded to women. The information presented above not only discussed India's e-commerce sales and growth, but also the low rate of literacy among women in India, as well as how poverty and unemployment have had a significant impact on women's growth in raising in Indian society.

The preceding report discussed how various ages groups use the internet to buy or sell goods, which has an influence on the in relation to the e-commerce industry. Even though we can easily deduce from the above graph that people were classified underage People between the ages of 15 and 27 account for India accounts for 37% of total e-commerce sales., while those between the ages of 28 and 34 account for 38%. As a result, any type of e-commerce sector looking for a high revenue stream should concentrate based on the following age groups as well as their necessities, which will not only lead to firm growth but will also lead to greater advancements in innovation and technology, which will ultimately benefit the Indian market.

After studying India's internet penetration and the increase in the number of people who use the internet users in the trend of increasing e-commerce in the Indian market, this investigation paper limits Only B2C e-commerce sales, so all of the data presented below are for types of Consumer-to-consumer e-commerce.

India's Retail E-Commerce Sales

E-commerce has a current market value of $20 billion. India's e-commerce retail market remained underdeveloped, accounting for electronic commerce for only a minor portion in terms of total retail sales e-Marketer is expected to increase in 2016 to $23.39 billion, representing a

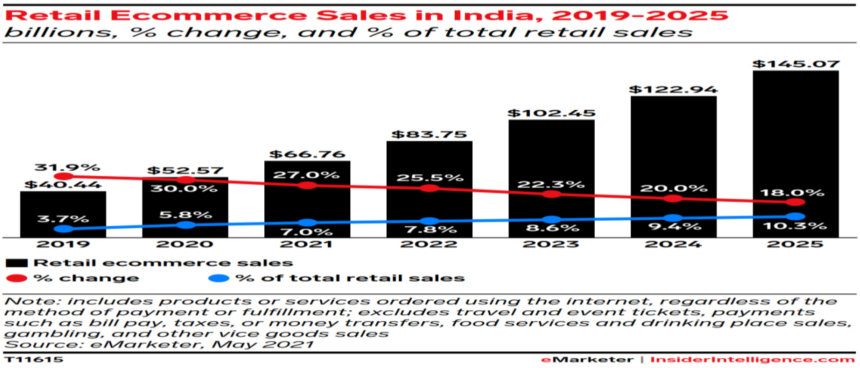

Figure 3

Retail E-commerce sales in India

Source: https://www.insiderintelligence.com/content/health-crisis-accelerates-india-s-ecommerce-adoption-by-least-3-years

75% increase. Despite this, 2015 rapid Retail e-commerce will account for most of the growth for only 2.2% of the total retail market. as stated by e-Marketer.

For traditional retail enterprises, e-commerce may present opportunities across all three (Knowledge-based, Alliances-based, & Productivity-based investments) of these investment sectors. To the detriment of traditional retail businesses, its emergence as a competitive channel to market in practice poses a threat to them as well as a chance for new entrants into the market because it uses entirely electronic means to enable consumers to conduct commerce transactions. In fact, it has consistently been suggested that the availability of electronic channels serves to lower the barriers to entry for such players by their very nature. In spite of this, it can be challenging to identify distinct trends in the flurry of activity that has surrounded e-commerce businesses during the past 18 months. For instance, new entrants thrived particularly well in the early void left by the relatively low level of activity from established intermediaries, benefiting from exclusive access to the rhetoric, from passionate investors, as well as from vacant market niches as shown in Figure 3.

Supporting Initiatives from the Government of India's on Electronic-Commerce Growth

The government's role in accelerating the expansion of electronic commerce is significant and it plays a significant a part in the expansion of electronic commerce in the Indian market. Policies and reforms implemented by the government have an impact not only on foreign investment and investor mindsets around the world, but also on the people. Since 1991, when the Indian government opened the introduction of LPG, the economy has been reaping the benefits, since then, the internet was first used for Indian electronic commerce.

Since 2014, the Indian the government has declared several initiatives, including:

- India in the Digital Age
- Make-in-India
- India's Ability
- Fund for Innovation

The federal government has allocated US$1.55 billion to the Bharat Net initiative in the 2017-18 union budget. According to which village, internet access, Wi-Fi hotspots, and digital services will be available in exceptionally rural areas and panchayat tariffs are low.

The Indian government has announced the establishment of the BHIM app, which will increase digital payments in the country. More than 12.5 million Indians have signed on to it. The government of India has announced two initiatives to promote this app schemes for promotion of this app.

- Individual referral bonus scheme
- Cashback program for merchants
- The Indian government has distributed rewards totaling Rs 153.5 crore. to over 1 million citizens or customers to accept digital payments under the Lucky Payment Scheme Grahak Yojana and Digi – dhanvyapar yojana.
- The role of FDI is critical to the growth of India's electronic commerce industry. Previously, India's investment rate was significantly low, indicating low e-commerce growth across the board the country. Because FDI in B2B e-commerce is allowed at 100%, more investment is possible; however, B2C FDI is still limited due to governmental regulations. As a result, investment and FDI policies have a significant impact. Investors prefer –
- IDGVC Partners

- Tiger Global Management
- Accel Partners
- Index Ventures
- Sequoia Capital
- Alibaba
- Temasek Holdings

With $11.3 billion, India received the most funding ever. Though FDI is not permitted in multi-brand retail companies India uses PROMOTIONAL FUNDING as an alternative source of funding.

V. Findings

- There is a rise in India's penetration of digital media, implying that more Indians are using smartphones, resulting in increased e-commerce growth.
- In India, internet penetration is increasing. India is the world's second-largest internet user.
- E-commerce is becoming more popular in India. With a growth in e-contribution commerce's to India's GDP.
- The government is putting in place the appropriate incentives and plans to encourage digitization and e-India's commerce is expanding.

VI. Conclusion

In the context of India, we're looking for an upward trend in e-commerce growth, as well as a rise in m-commerce and digital penetration. E-commerce has grown in India as a result over the years of government policies and initiatives. According to a survey conducted following demonetization, India's cashless economy has grown dramatically, and the internet, as well as other government programs, has had a big impact. When it comes to the India's e-commerce industry, a lot has been done and a lot more must be done. We also look at the influence of India's literacy as well as unemployment rates on the state of the e-commerce sector growth. There is also a pressing need to raise India's literacy rate and raise awareness among rural Indians about the cashless economy. More money must be allocated to cybercrime, and tough laws must be enacted, not only to make this process more secure, but also to make it more trustworthy. In this research study, we looked at the growing India's e-commerce trend, as well as how service providers such as 4G and 3G contributed to expand digital penetration in India, resulting in greater Sales of electronic commerce and mobile commerce in the Indian economy. Similarly, the government has played a significant role in the rise of internet sales through various laws and policies.

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