

Role of E-Commerce towards building Indian Economy in 21st Century: New India 2.0

Bhagyashree Digant Joshi

Chartered Accountant, Ahmedabad, Gujarat

Email :- 93bjoshi@gmail.com

Abstract: *The Indian Economy is boosting everyday thanks to the sectors which are contributing towards the development of the nation. India, a country full of diverse cultures, religions, languages united by one nation. In this 21st century, India has been a major contributor towards the globe and has been supplier towards the world. Though India's own population i.e. 135 crores is a major factor which is unique compared to the other nations like USA, China. The rise of the population in India is contributing towards boosting the economy due to the capitalism market globally the rise in the GDP of India is not at par with the other nations. To achieve the boost in the Indian economy and Gross domestic product value, the role of every person in the country is important. The role of policy makers also should be taken into account. Core industrial sectors such as Manufacturing and production are vital for the economy. So, Indian government has come up with various initiatives such as Make in India in order to gain Indian economy. In my research paper, I want to highlight the contribution of E-Commerce industry which is gaining more contribution in the economy. In the digital era, role of E-commerce Industry is very important in rebuilding new India. The New India 2.0 has envisages various factors through which the economy is gained. The E-commerce segment was not given proper attention in India's GDP until it became the driving force towards building the economy.*

As we all know that India is the fastest growing economy in the entire world, the role of E-commerce is vital. The Indian economy is governed by various factors which are manufacturing sectors, production sectors, service sectors etc. In a capitalism market, the role of E-commerce is very much attained. Before 2000, the role of E-commerce was about to rise in the global world[1]. The whole world is moving towards cashless economy. In India as well due to the various government policies like Demonetisation, the use of Virtual payment is increased which was planned to move the country towards digital payment thereby contributing towards the digital Economy. In this paper I have shown the perspective of E-commerce and its importance towards contributing to the Indian economy in 21st century.

Key Words: *E-commerce , New India 2.0 , Economy.*

1. INTRODUCTION:

The Foreign direct investment is in very much vital and the role of policy maker is important because to increase the economy, investment is the prerequisite and that can be gained by forming the policy regarding attracting the foreign direct investments. According to the statistical data, the internet users in India are 430 millions as of today and it will increase upto 830 m till 2021.

So E-commerce is facilitating MSMEs to scale up their operations by providing a means of financing, technology and training. Evolution of technology led innovations such as digital payments, hyper-local logistics, mass customer engagements and digital advertisements have enabled the E-commerce industry to grow speedily.

2. E-COMMERCE: INTRODUCTION& SCOPE:

There is no general definition of electronic commerce , but generally e-commerce is defined as E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet but also all other activities which are associated with any transaction such as:

- Delivery
- Payment facilitation
- Supply chain and service management, can also be categorized or put under this section of economy[2].

E-commerce increases the growth of online business. It can be categorized under 1- Online marketing 2- Online advertising 3- Online sales 4- Product delivery 5- Product service 6- Online billing 7- Online payments Thus, electronic

commerce deals with all the work loads related to internet. It also describes the exchange of data between the financing, billing and payment aspects of e-business transactions. Generally, e-commerce and e-business are used interchangeably.” All the above mentioned is regarding the introduction of the E-commerce. Just to bring the awareness regarding the basic definition of E-commerce. Commerce industry has been widely changing industry in terms of facilitation and quality . This industry needs more flexibility in order to regain the skills which are required for building of economy. This sector have contributed significantly towards the economy and it will boost the economy .

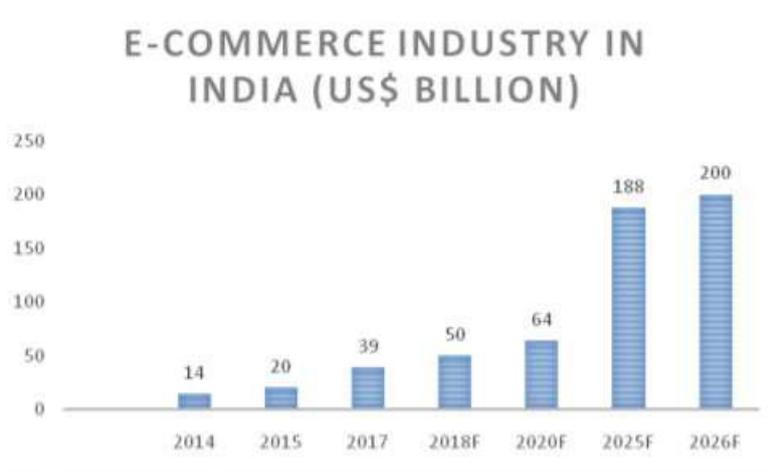


Figure 1. E-Commerce worth Source : economic times 2018

The above mentioned figure indicates the E-commerce industry in India. The present situation in India, we can say that the prediction of E-commerce will boost In nearby years. So from this figure, we can imagine that what amount of worth and opportunities the industry will create for India.

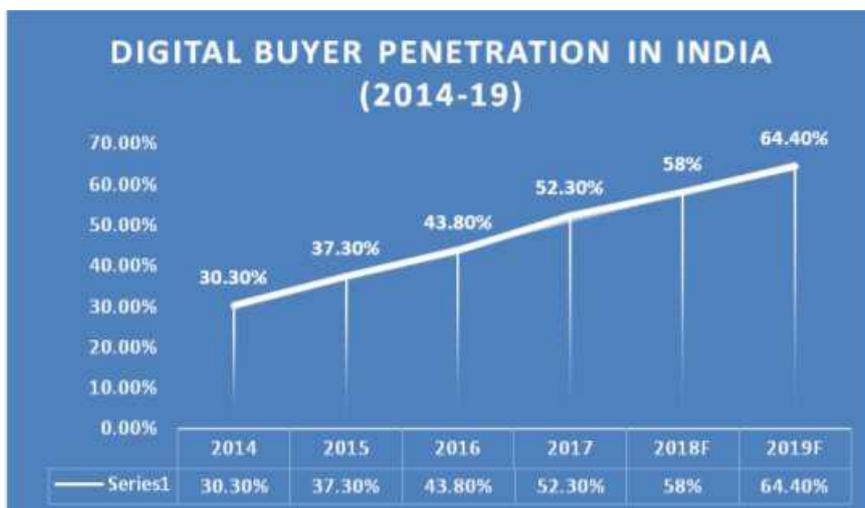


Figure 2 Buyer Penetration Source : statia.com

The above figure indicates the Digital buyers penetration in India. As the average age of individual in India is nearby 30 years , and the rate at which the population is expanding and the boost of E- commerce , the penetration of buyers are shown in above graph.

3. GOVERNMENTINITIATIVES SUPPORTING THE E-COMMERCE GROWTH IN INDIA:

The role of government in increasing the growth of e-commerce is very important and plays huge role in the growth of e-commerce in Indian market . It is the government policies and reforms which not only affects the foreign investment and mindset of investors across the globe, but it is the people who also affects from the governmental policies. since 1991 when government of India opened its economy with the introduction of LPG (Liberalization , privatization and globalization) the Indian people started enjoying the benefits of open economy Since 1995 when internet was first introduced for e-commerce purpose in India . Since 2014 government of India has announced various initiatives namely :

- Digital India

- Make in India
- Start-up-India
- Skill India
- Innovation fund

The proper functioning of and effective implementation of these program will certainly boost the growth trend of e-commerce in India[3] .

- In the union budget of 2017-18 government has allocated us\$1.55 billion to Bharat Net project . According to which village will also be accessible to high speed internet and Wi-Fi hotspots and digital services at very low tariff in rural and panchayat levels .
- Government of India has announced the launch of BHIM app, it will increase the digital payment in the country .it has been adopted by more than 12.5 million people of India. For promotion of this app government of India has announced 2 scheme for promotion of this app. they are - 1- Referral bonus scheme for individual 2- Cashback scheme for merchants
- The government of India has distributed rewards worth of RS 153.5 crore to more than 1 million citizens or say customers for embracing digital payment under scheme of Lucky Grahak Yojana and Digi – dhan vyapar yojana

4. SHARE OF E-COMMERCE IN GDP– INDIAN PERSPECTIVE:

The Gross domestic product is defined by the worth of Indian economy. The Prime minister has promised India to become 5 trillion economy by 2025. The current size of Indian economy is roughly 3 trillion according to the reports. So, to achieve such a target of the economy, the E-commerce will play a vital role in bringing this achievement to the country. The following points are summarised from E-commerce policy which are note-worthy for the achievement of E-commerce share.

- The Indian economy grew by 7% in October-December 2016 and is expected to grow at 7.1% in 2016-17. The E-commerce industry which was worth Rs. 1257 billion in 2015 is estimated to be contributing about 1% of GDP.
- Segment-wise estimates for the share in GDP are also put out by some agencies. The B2C E-commerce segment accounted for 0.16% of India’s GDP in 2013 and is estimated to be around 0.20% of GDP in 2016 (Statista.com). Key Government and Private Organizations, and Industry Sectors are also involved in Ecommerce.[2]

5. LEADING E-COMMERCE COMPANIES UNDER DIFFERENT BUSINESS MODELS:

Leading E-commerce Companies under Different Business Models E-commerce models Leading companies* B2C E-commerce marketplace Snapdeal.com, Amazon.com, Flipkart.com B2C E-commerce inventory led BigBasket.com, FirstCry.com, Zovi.com B2C E-commerce aggregator Uber.com, olacabs.com C2C E-commerce Cloudacar.com, quickr.com, olx.in B2B E-commerce junction services limited (metaljunction, coaljunction, buyjunction, cloudBuy.com, tolexo.com, industrybuying.com, power2sme. com, Amazonbusiness.com Omni-channel Retailers Shoppers Stop Ltd., Infiniti Retail Limited Croma, Raymond Limited

E-commerce models	Leading companies*
B2C E-commerce marketplace	Snapdeal.com, Amazon.com, Flipkart.com
B2C E-commerce inventory led	BigBasket.com, FirstCry.com, Zovi.com
B2C E-commerce aggregator	Uber.com, olacabs.com
C2C E-commerce	Cloudacar.com, quickr.com, olx.in
B2B E-commerce	mjunction services limited (metaljunction, coaljunction, buyjunction, cloudBuy.com, tolexo.com, industrybuying.com, power2sme. com, Amazonbusiness.com
Omni-channel Retailers	Shoppers Stop Ltd., Infiniti Retail Limited Croma, Raymond Limited

6. GST FOR GROWTH OF E-COMMERCE:

The Government of India is going to undertake a big taxation reform by way of introducing a Goods and Services Tax (GST) which is expected to enhance the growth of E-commerce. GST will enforce a single comprehensive indirect tax regime that will be applicable across all states on the supply of goods and services. The implementation of GST is expected to subsume all taxes like the central excise duty, service tax and additional customs duty at the central level and VAT, CST, entry tax etc. at the state level. GST will enhance operational efficiency of the Ecommerce industry in many ways like:

- Transparency and simplification of taxes across the borders in India
- Elimination of the incidence of double-taxation and improvement in the efficiency of supply chain. Logistics service providers can leverage seamless hub-and-spoke models for delivery resulting in lower costs and fewer bottlenecks. Warehouses can be set-up keeping in mind business objectives rather than for reduction in incidence of tax

7. RECOMMENDATIONS FOR IMPROVEMENT OF E-COMMERCE STATUS OF MSMEs:

As a result of the initiatives taken by the government, the country can soon become the fastest growing E-commerce market in the world as both the number of Internet users as well as the number of online shoppers/users is expected to grow in coming years. While in India only about 25% of the Internet users buy or sell goods and services online, it is nearly 55% in China [2]. This indicates the huge growth potential of the Indian E-commerce sector. Moreover, with growth of the Indian economy and subsequent improvement in the per capita income in future, aspirations of Indian consumers will increase which will have a positive impact on E-commerce sales.

8. CONCLUSION:

The e-commerce industry in India may currently be behind its counterparts in a number of developed countries and even some emerging markets. However, with India's GDP growth pegged at 6.4% by the International Monetary Fund and the World Bank, it is expected to grow rapidly. Moreover, the Indian e-commerce industry has access to funds from within the country and international investors. Overall, the e-commerce sector is maturing and a number of serious players are entering the market. The e-commerce sectors is requiring a gradual shift of attention which will enhance the quality of performance towards building new India. The government initiatives are mentioned above are helpful and it will show its effects towards the Indian economy in near future.

REFERENCES:

1. Impact of E-Commerce in Indian Economy, *IOSR Journal of Business and Management (IOSR-JBM) Volume 20, Issue 5. Ver. VI. (May. 2018).*
2. Future of Consumption in Fast-Growth Consumer Markets: INDIA , *World Economic forum report, January 2019.*
3. National E-Commerce Policy, *Information Technology and Innovation Foundation (ITIF) March 8, 2019.*