



## IMPACT OF E-COMMERCE IN SECTORAL GROWTH

**Dr.V.Kanagavel**

HOD & Assistant Professor  
PG & Research Dept. of Commerce  
Sri S.R.N.M.College  
Sattur – 626 203.

**Dr.T.Vijayaragavan**

Assistant Professor  
PG & Research Dept. of Commerce  
Sri S.R.N.M.College  
Sattur – 626 203.

**Dr.K.Navaneethakrishnan**

Assistant Professor  
PG & Research Dept. of Commerce  
Sri S.R.N.M.College  
Sattur – 626 203.

### *Abstract*

The increasing penetration of smartphones and internets are significantly 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 provides a useful resource for the growth of MSME's and all aspects of the rural community. The 'Digital India' project which aims to offer a one-stop shop for Government services will definitely boost this sector by introducing the internet to remote corners of India. Propelled by rising smartphone penetration, the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is expected to grow to US\$ 188 billion by 2025. The e-commerce has transformed the way business is done in India. The Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. The value of e-commerce market is expected to cross US\$ 50 billion by 2018. Much growth of the industry has been triggered by increasing internet and smartphone penetration. Hence this paper justifies the impact of E-Commerce in sectoral growth.

**Key Words:** E-Commerce, Impact, Economy, Resource, Growth, Digital India.

### INTRODUCTION

Electronic commerce (e-commerce), an industry which truly started coming of age only three years back, has provided a major thrust to the Internet economy in India. It is transforming the shopping experience of Indian customers. The introduction of electronic data interchange

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spreads into producers, retail traders, stock market operations and travel reservations etc which resulted in a higher growth of the economy. The encouraging market projections and positive sentiments have led to two major global investment research companies to upward revise their forecasts within a period of 5 months. The industry is further expected to grow at 41 per cent compound annual growth rate (CAGR) and reach USD 103 billion in 2020, increasing the projections by 27 per cent from previous estimates of USD 81 billion. However, with the change of working habits, and consumers opting for adaptability and convenience, there will be a great future to this industry. Indian E-commerce industry is in a position to sustain itself as a viable business opportunity not only for established names but even for start-ups.

The e-commerce industry been directly impacting the micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. The total size of e-Commerce industry (only B2C e-tail) in India is expected to reach US\$ 101.9 billion by 2020. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. With the increase in the number of electronic payment gateways and mobile wallets, it is expected that by the year 2020, cashless transaction will constitute 55 per cent of the online sales. The growth in e-commerce sector will also boost employment, increase revenues from export, increase tax collection by ex-chequers, and provide better products and services to customers in the long-term. Hence, this paper explains the impact of E-Commerce in sectoral growth.

### **IMPACT OF E-COMMERCE**

The impact of e-commerce industry is still in very nascent stage but is visible. The impact at the moment can be seen in the following sectors:-



## **TECHNOLOGY**

One of the major drivers of technology will be e-commerce industry and vice versa. We are seeing new age technological solutions (AI/Machine Learning) being taken up to solve the business problems to bring commerce to everyone digitally. This is seen in both B2C and B2B sector. Investment into technology sector is happening to drive growth in the e-commerce domain.

## **LOGISTICS**

Logistics industry is a key driver for e-commerce industry in terms of digitally connects the different stakeholders across the country. The Uber model of moving passengers is implemented in some form or the other in the logistic sector. The growth of e-commerce will drive innovation in the logistic sector to make the products available to the end user.

## **TRAVEL**

At the moment 70 per cent of the contribution to e-commerce comes from the travel sector which includes the online ticket bookings to other travel arrangements. This has made the market competitive by bringing all players on the same platform and has also given consumer more options. Travel industry will be earliest adopters to become completely digitized.

## **EDUCATION**

One of the industries to have the most profound impact of e-commerce is the education. The ability of e-commerce to provide quality education to everyone is immense. India will have one of the biggest set of youth population and hence the scope for education sector to be the biggest achievers because of e-commerce is sure.

## **ETAILED**

The flag bearers of the e-commerce wave have been the various E-Retail commerce platforms. Etail sector is projected to contribute to around 3 per cent of the total Retail sells by



2020 and is at present around 1per cent. This wave is seen in both B2C and C2C model and is bound to grow further. This is not only for goods but also has captured the food sector.

#### **OTHER INDUSTRIES**

The way of working in the real estate sector is already seeing the change because of the e-commerce industry. This will change further with all property related transactions coming online and getting closed online as well. Banking sector is benefiting as well with reduced operations cost of online transactions. E-Commerce in health care has brought health related solutions to the urban India and will further penetrate deep into Tier I and Tier II cities.

#### **SUPPORT INDUSTRIES**

There are various support industries which have developed because of e-commerce. These are digital advertising, analytics, payment gateways etc. These will become billion dollars sectors as e-commerce grows exponentially.

#### **CONCLUSION**

India is the world's fastest growing e-commerce market and with the explosive growth of internet and smart phones, our shopping habits have been revolutionized. Online shopping tapped on the basic needs of a modern Indian's lifestyle. It offered products and services that were time saving, affordable and spoilt us for choice. E-Commerce is also bringing transactions online which makes the system more transparent and to an extent may further drive technological adoption. The impacts are profound and will evolve with time. E-commerce is increasingly attracting customers from Tier 2 and 3 cities, where people have limited access to brands but have high aspirations. With the increase in awareness about the benefits of online trading, there has been a significant rise in investment in e-commerce business. By 2030 the contribution to GDP by e-Commerce is expected to reach to around 300 billion dollars which is around 20 billion dollars in its present state.