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## **A Review based on Campaign of Digital India Striking the Growth of E-commerce Industry in India**

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### **Abstract:**

The e-commerce industry in India has been experiencing tremendous growth, which is expected to affect the other countries, to be at the second largest position in the e-commerce market in the world by the year 2034. The market of e-commerce is anyhow desired to reach around the US\$200 billion by 2026 from the US\$39 billion in 2017. With the aid of the digital India Campaign, the Indian Government aims at creating a trillion dollar online economy by the year-end 2025.

**Keywords** -*E-commerce, the Internet economy, Digital India*

### **I. INTRODUCTION**

India is known for the tremendously growing e-commerce market that is expected to grow approximately by 1,200% by 2026. It is observed that the e-commerce revenue of India is expected to experience a hike from US\$39 billion in the year 2017 to US\$120 billion in the year 2020. It is assumed to grow at 51% annually, marked highest across the globe. The tremendous growth in e-commerce industry has given a boost to the blue-chip firms, owned privately, to invest and grow surplus in e-commerce sector. The e-commerce sector provides ample of opportunities for new players in the market to establish and sustain well with faster growing opportunities and serve as a startup Ecosystem.

Digital India is a need for today's younger generation and all age groups as well. Some of the government initiatives are taken by Indian startup agencies and firms to increase digital marketing. The recent rise in digital literacy also serves as a backbone for investment purpose and e-commerce marketing as well. Bringing a level in the marketing trends also plays an essential role overall development of the marketing done through digital mode in India. In the year 2017, e-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$1 billion in the private equity as well as capital venture investments made so far. Continuing the trend, more than US\$7 billion were experienced in private and equity capital ventures in 2018. Almost 100% of FDI has attained permission in e-commerce B2B trading. However, FDI's new guidelines are in 100% support of the e-commerce market model which is automatically routed by the Indian government

with an initiative to assist in upgrading the network utility with 5G network support with the use of fiber optic cables[1].

## II. GROWTH OF E-COMMERCE IN INDIA

Influenced by increasing penetration of smart-phone use with the advent of 4G/5G networks resulted in an increase of consumer wealth. The Indian economy of the e-commerce market is susceptible to grow from US\$38.5 to US\$200 billion from 2017 to 2027.

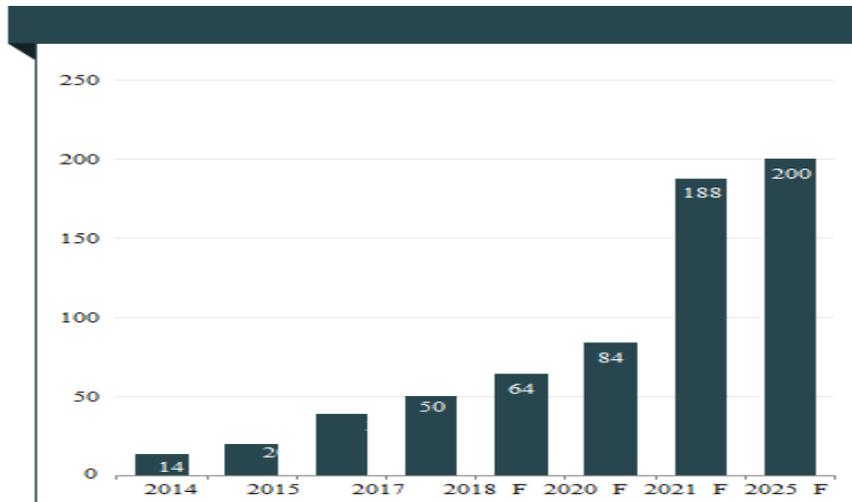


Fig 1: E-commerce industry in India (US\$ billions)[2]

E-commerce is observed to be increasing with attracting a number of customers in 2 and 3 tier cities with individuals have equal access to the limited company with various brands and accessing higher aspirations. Average online, as well as retail spending power in India was US\$224 in 2017. The government e-marketplace, within three years saw a cumulative procurement by the central as well as state government with about (the US\$3.46 billion) Rs24,183 crore in FY19, that has a target of about Rs.50,000 (US\$ .15 billion) in crore by FY20[2].

### A: Rising Internet Penetration in India

The penetration of internet in India grew from 4 to 34.42 % from 2007 to 2017, as per the records registered in CAGR. As per the records, in 2018, the overall internet penetration in India was observed to be 46.13%. Internet penetration deals with a number of internet subscribers with about 100 of the population. As per the records of September 2018, the penetration of internet in urban areas was recorded at 88.26% and 21.76% in rural areas. In Urban India, the forecasted population of 444 million was recorded as per 2011 census records. It was noticed that already 390.91 million individuals were using the internet and digital marketing as per the records of 2018. In rural regions of India, the forecasted population of 906 million had 213.30 million users of the internet as per 2011 census. As per the records, it is evident that there is a huge scope for market penetration in rural regions. By 2021, the internet penetration in rural regions of India is expected to experience a hike of 45% as of now the current scenario experiences about 21.76%. A number of proactive users of internet in India are termed to be the second highest across the globe. Reliance Jio gives its subscribers 1.5 GB to 2GB per day data for the use which turns out to be approx 30 GB of data usage

per month in India. Also, in developed countries, the scenario with internet usage is quite similar and higher[3].

## B: Online Retail market in India

The gross merchandise value of the online retail industry is estimated to be of the net worth of US\$17.8 billion in 2017. From 2012 to 2017, the online retail market secured the highest CAGR amidst the surplus economies available in online sales marketing, i.e. 70% and more. It was observed that online sales in retail marketing have an expected target of online trading to touch US\$32.70 billion by 2018. It is expected to grow by 31% by digital marketing sources in India such as Flipkart, Snapdeal, Jabong, Shopclues, Paytm mall, Amazon India and others. 48% of the online retail shares are contributed to the source of Electronics, which is then followed consecutively by apparels observed to be 29%. By 2025, 80% of the shares in online retail marketing would be grabbed by non-electronic items and others. E-Commerce retailing in India was recorded at 1 to 1.2 million per day, whereas it was recorded to be 55 to 60 million per month in July 2018.

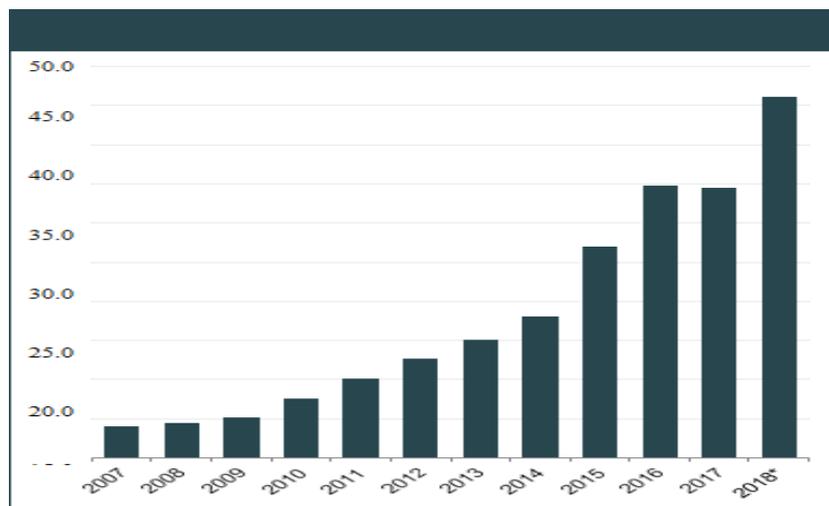


Fig 2: Internet Penetration in India (%) [3]

The service cost of the II tier, as well as the small cities are experienced to go down probably, and the retail growth in rural and urban regions of India is going to experience a hike in coming days as the frequency of online shopping individuals is recorded to increase gradually day by day. The overall frequency recorded of the online shoppers in India is estimated to cross 120 million by 2018 and gradually increase up to 220 million by 2025. [4]

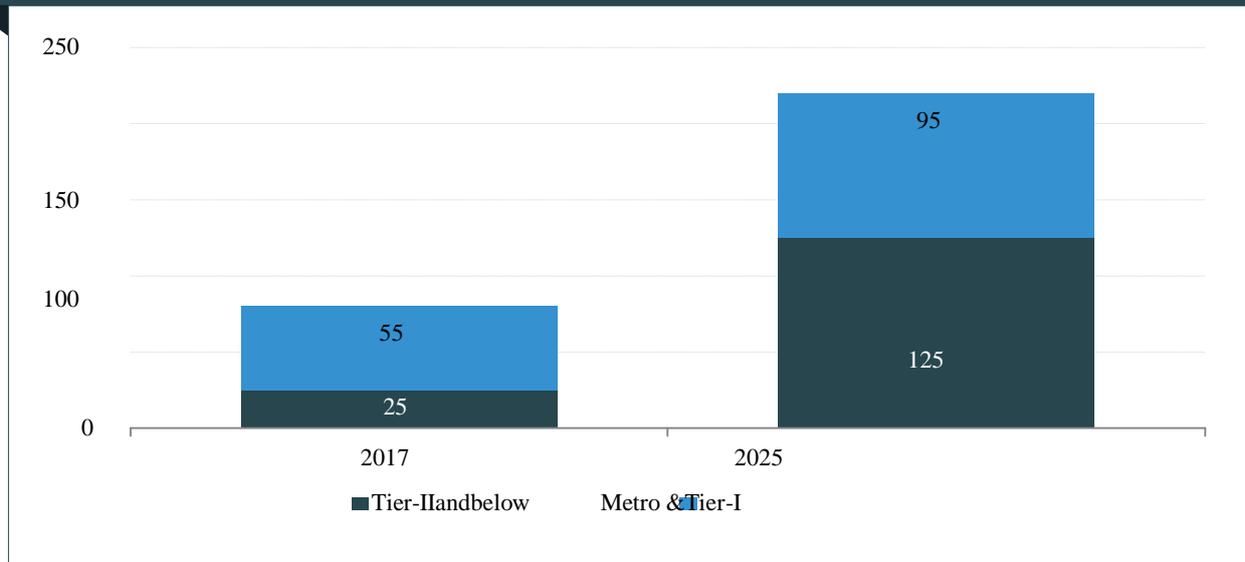


Fig. 3 Online Shoppers in India (Millions)[4]

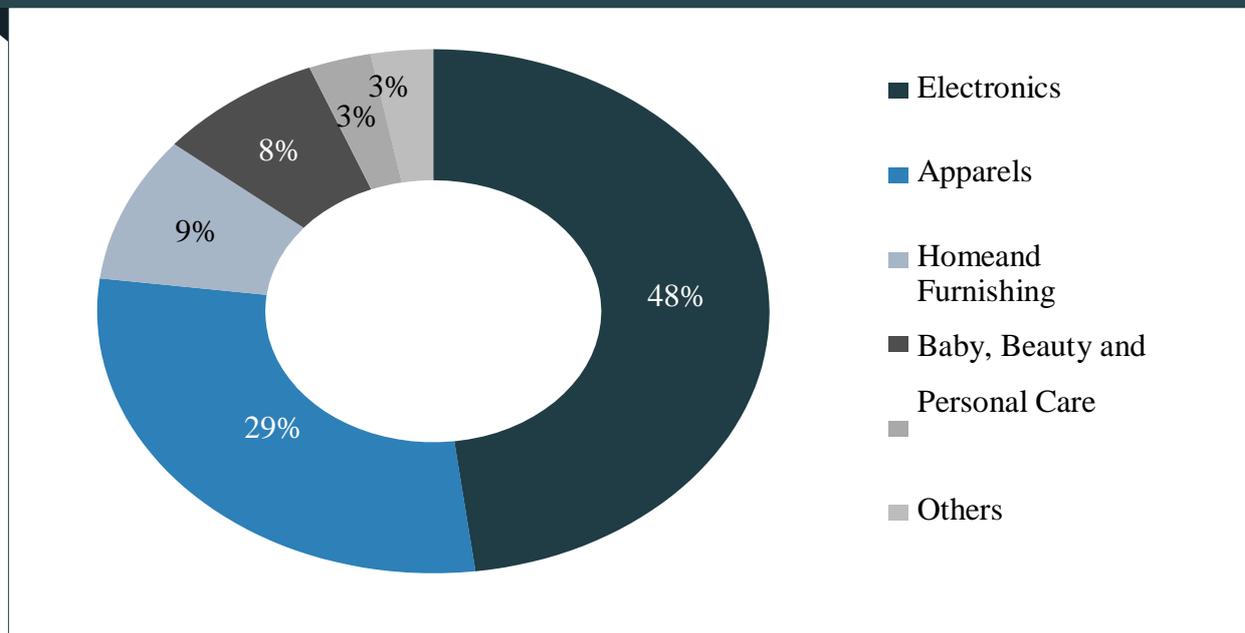


Fig. 4 Shares of various Segments in E-Commerce Retail by Values (2018)[4]

### III. DIGITAL INDIA: GOVERNMENT INITIATIVES

Government of India has taken an initiative to offer a flagship programme with a motto to make India a digitally empowered nation with a knowledge-oriented economy. Rs 8,000 crore (US\$ 1.24 billion) was allocated to BharatNet Project, to provide 150,000 gram-panchayats with broadband services as per the 2018-19 Union budget. The project was taken up with the target to connect and serve as an interactive platform for 250, 000 Gram panchayats by March 2019. To provide

broadband services to 50 million rural citizens, with 500,000 Wi-Fi hotspots, was the major concern of the project undertaken by the government. For carrying out the digital India mission successfully, the government had allocated 3,073 crores with the systematic distribution. Various initiatives are taken by the government under the digital India movement such as Umang, Udaan, Startup India portal and others. To encourage FDI in the marketplace, the Government of India introduced the Draft National E-commerce policy. It ensures that the FDI policy was introduced to `develop and ensure the participants to play in all possible fields. As per the draft, registration of the entity is done for e-commerce sites to operate well in India in order to operate the e-commerce sites and apps as well with proper licensing. The utilisation of mobile data proclaims to enormous and surplus growth in the e-commerce sector. The shipment of mobile devices and the increased shipment has shown an increase of 14.50% annually. India's e-commerce expected to reach 142.30 million units in the year 2018; it makes the growth of market remarkable and worthy[4].

#### **IV: CONCLUSION**

By 2034, the e-commerce market across the globe would show a remarkable growth to stand at the second largest position in the world. It is forecasted to reach the US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. The e-commerce market in India has the capacity to grow enormously with a value of US\$ 150 billion by 2022 with an income rise and dealing with internet users in great numbers. Growth in internet penetration shows a tremendous growth in the number of internet users which is increased from 445.96 million in 2017 to 829 million by 2021. As per the data collected in September 2018, it was noticed that the rate of internet subscribers in India was 560 million individuals. Every month, adding up to million daily activities of the internet users to support the internet with the community supporting e-commerce industries, rated highest in the world. Online shopping in India is expected to reach 220 million by the year 2025. Internet economy in India is expected to double from the US\$ 125 billion in April 2017 to the US\$ 250 billion by 2020. It is majorly contributed with the help of e-commerce. The digital transaction is expected to touch US\$250 billion by 2020 with the assistance of digital India Campaign with the Indian Government to create a trillion dollar online economy by 2025.

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