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An overview of E-Commerce and Emerging Economy of India

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Abstract

The rapid expansion of e-commerce has brought about substantial changes in the global economy, especially within emerging markets. The rise of digital platforms and technological innovation has enabled businesses in developing nations to access broader markets, enhance efficiency, and contribute to overall economic development. Through e-commerce, both established companies and small enterprises can engage in international trade without the traditional limitations often imposed by physical borders and trade regulations. This paper investigates the transformative impact of e-commerce on emerging economies, emphasizing its role in promoting entrepreneurship, expanding market reach, and driving innovation. By leveraging online platforms, local entrepreneurs can scale their businesses, tap into global demand, and introduce new products or services with reduced overhead costs. However, despite the advantages, several challenges persist. These include inadequate digital infrastructure, underdeveloped payment systems, and concerns related to cybersecurity. Addressing these issues requires targeted policy interventions and investment in digital capacity building to ensure broader and more equitable access. The paper also presents case studies from different regions to illustrate how e-commerce has supported sustainable growth and economic inclusion. These examples highlight how strategic implementation of digital commerce can improve livelihoods and create new opportunities for traditionally underserved populations. E-commerce stands as a powerful catalyst for economic transformation in emerging markets. By breaking down barriers to trade and enabling greater participation in the global economy, it has the potential to reshape trade relationships and foster inclusive development across the world.

Keywords: E commerce, Digitalization, Infrastructural development, MSMEs, GDP

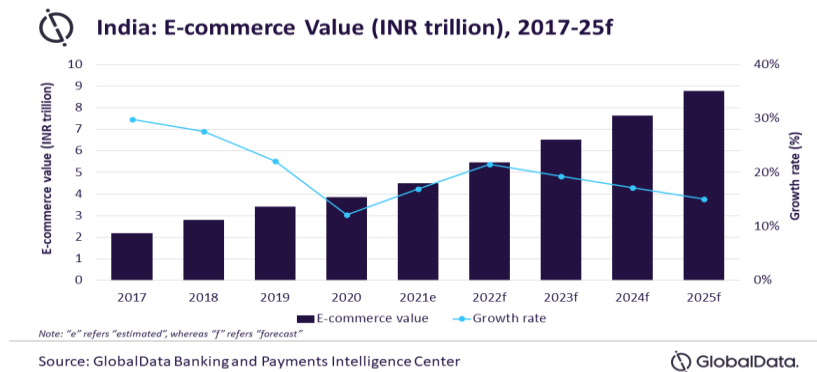
Introduction

The meaning of E-commerce is Electronic Commerce which means Digital trading. During and After Covid 19 the scope of E-commerce has been increased. Now a days E-commerce is a blooming trading concept which is widely accepted by all over the world. It provided an online platform for all buyers and sellers. That is why it plays an important role in the Economy. In India, after the LPG policy, the doors of international trade have been opened to all the nations, and due to that we found computers and accepted use of computers in all streams. This computer has changed the traditional pattern of working, trading, accounting, budgeting and many more. Gradually, expansion and inventions in the networking changed the trading pattern. Invention of Mobile drastically turned the world market into the pocket or we can say, on one finger tip we could swap many things just in a time. Therefore the scope of E-commerce has increased on a large scale. The increasing concern of all business is the proper utilization and execution of the E-commerce.

The scope of E commerce attracted many micro small and medium and even large industries in various field. Such as, education, healthcare, cosmetic, fashion, textile, electronic, jewelry, clothing apparels etc...Itallows seller to reach easily to the customers.

E commerce also reduces the cost and assistto enhance the productivity and efficiencies of the seller. It provides door to door service and catches customer's satisfactions such as, 24*7 online shopping, large product choice, home delivery, fast delivery, return policy, exchange policy, easy payment mode, cash on delivery, card and UPI payment etc. Therefore all industries prefer E commerce to expand their business. E commerce also provides infrastructure development

which is part of economics growth and development. It also provides platform to the new start ups, small artisan, farmer, art and craft, textile etc. It also boost import and export of the countries, develop international relations provides large market for goods and services. In 2020 E commerce contributed 2.3% in GDP of Indian Economy and it grew to 7.91% in 2021. Contribution of E commerce in GDP post covid 19 has increased and achieved tremendous profit. According to economical survey India is becoming second largest in e commerce industry in the world.Due to growth in Ecommerce share of Export has increased to 40%. In the given graph, we can see the growth of E commerce since 2017 to 2025.



In the economy demand and supply of goods and service is completely depend on the production and other facilities provided by the company. E commerce has break the traditional method of trading and started new trend of online shopping which is more convenient. After covid 19 the use and scope of online trading has increased till today and furthermore. E commerce supports to grow all micro, small and medium industries in the

economy. It also helps to reduce major economic problem like unemployment, because, online trading provides employment opportunities and increase income level and PCI.

In the given table shows top 10 countries in Retail business. India ranks 7th in the E commerce business. China ranks 1st, US 2nd, UK 3rd, Japan 4th, South Korea 5th, Germany 6th, Indonesia 8th, France 9th and Canada 10th.

Rank	Countries
1	China
2	US
3	UK
4	Japan
5	South Korea
6	Germany
7	India
8	Indonesia
9	France
10	Canada

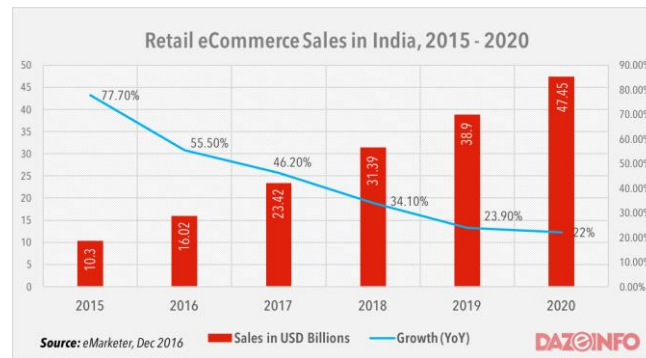
This shows China has dominance in E commerce market globally, Where US and UK plays major role in ecommerce market driven by

large consumer base and high purchasing power. Japan, India, Indonesia, South Korea are key player in Asian e commerce area. Where France and

Canada has prominent position in e commerce in Europe.

The following figure shows Retail e commerce sales in India since 2015 to 2020. We

can easily understand that Retail business in India is increasing due to upgradation in technology, digitalization, growing networking system.



Elements of E commerce



1. **Customer friendly:** Any one can easily use it. It includes all age levels, all economical class, all sectors and businesses.
2. **Security:** There are many large brands who provides data security which includes personal information, payment method, user id and password, every individual wish security while doing any online transactions. So many times it becomes customer safety while purchasing any online goods.
3. **Mobile friendly:** Due to increasing network use of internet has become reasonable. New technology helps to change lifestyle. Online purchasing has become more convenient.
4. **Hosting:** It provides safety to host company into shopping cart, payment mode, shipping, tracking, database, privacy, transportation etc.
5. **Call to Action (CTA):** It is a Call to Action which provides gateway for payment to the customer, return policy, new offers, click for more information, payment steps, title, Add to cart, Buy now, etc.
6. **User friendly:** It means designing and building an online store which is easy to navigate,

accessible to all users, ensures smooth and positive shopping experience, fast loading time, checkout process etc.

7. **Product review:** This matters a lot to the sellers because, feedback, from customer to improve their service, quality, etc.

Types of E commerce

The types of E commerce is based on the participants and emerging e commerce model. Out of these

Based on participants are as follow

1. **Business to consumer (B2C):** In this Business happens between Business to end consumer directly. It follows traditional commerce business method retailer to consumer. This type is more easier and dynamic. This method is followed online as well as offline. For example; Cars, grocery, books, clothes all FMCG products etc.
2. **Business to Business (B2B):** This involves transaction between business to business. Here role of consumer is not involved. Business i.e selling or purchase happens only among two or

more industry or firm. For example Wholesaler selling to retailer or raw material purchased by the factory for finished goods.

3. **Consumer to Consumer (C2C):** In this transaction happens between consumer to consumer where there is third party who plays the role of middle man or linkage where transactions are actually carried out. Like OLX, magic bricks, eBay etc.
4. **Consumer to Business (C2B):** It is completely reversal of the traditional business method. This is possible for crowd sourcing projects. Where an individual sells his product

or service to the company at precise price. For example Free lancers, royalty, logo, design etc.

5. **Direct to Consumer (D2C):** In this transaction goods and services directly goes to the consumer bypassing traditional retailer and distributors. Here sale is possible directly from producer to consumer. In this it becomes possible for the company to take full control of supply chain. It also give more profits to the company as it neglect the role of middle man. Recent example of WOW shampoo, they began their marketing as D2C. They removed marketplace and begun physical distribution in stores.

Applications



There are various strategies and technologies are used to facilitate online business transactions which includes platforms namely.

1. Online Shops- Amazon, Shopify, Flipcart etc.
2. Marketplace- eBay, Etsy
3. Social Media- Facebook, Instagram, Pinterest
4. Comparison Site- Google, Policy Bazar etc

Review of Literature:

Choudhury, M. (2020). Digital Economy and E-Commerce in India. Springer. This book covers the growth of the digital economy in India, including the rapid rise of e-commerce platforms and their impact on India's economic development.

Chakravorty, S. (2019). E-Commerce and Its Impact on the Indian Economy. Mc Graw-Hill Education. This book Provides an in-depth look at the impact of e-commerce on various sectors of India's economy, including retail, logistics, and employment.

Patel, V., & Patel, M. (2018). "E-Commerce in India: Growth, Opportunities, and Challenges." Indian Journal of Marketing, 48(10), 23-34. An article that discusses the evolution of e-commerce in India, highlighting key players, challenges, and future trends in the market.

Kumar, P., & Yadav, A. (2020). "Impact of E-Commerce on the Indian Retail Sector." International Journal of Business and Management, 8(1), 45-59. This research focuses on the transformational effects of e-commerce on the Indian retail sector, with a particular focus on small businesses and startups.

Rao, D. M., & Gupta, S. (2021). "The Role of Government Policies in E-Commerce Growth in India." Journal of Asian Business Studies, 15(4), 501-520. This paper explores the impact of government initiatives like "Digital India" on the growth of the e-commerce sector and the overall digital economy in India.

Indian Brand Equity Foundation (IBEF). (2022). "E-Commerce Industry in India." IBEF Report. A comprehensive report that provides statistical insights into the e-commerce market in India, including market size, growth projections, and key players.

PwC India. (2021). "The Future of E-Commerce in India: Trends, Challenges, and Opportunities." PwC Report. This report by PwC discusses emerging trends in the Indian e-commerce industry, challenges faced by businesses, and the evolving consumer behavior in the digital marketplace.

Statista. (2023). "E-Commerce in India - Statistics & Facts." Statista. Provides up-to-date statistical data on e-commerce sales, consumer spending, and online shopping behavior in India.

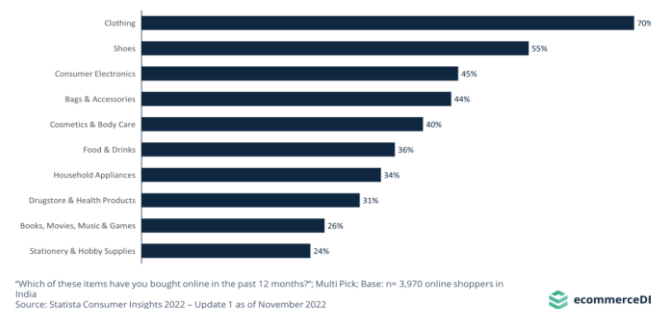
Government of India. (2020). Digital India: Annual Report 2020-21. Ministry of Electronics and Information Technology (MeitY). This government report outlines the progress and impact of the "Digital India" initiative, which plays a crucial role in the growth of e-commerce.

Department for Promotion of Industry and Internal Trade (DPIIT). (2021).

National E-Commerce Policy Draft. Government of India. A policy document that discusses the regulatory framework for e-commerce in India, including consumer protection, data privacy, and digital infrastructure.

Consumer Behavior Analysis: Consumer spending patterns and their preferences in various e-commerce categories (e.g., fashion, electronics, groceries).

■ THE TOP CATEGORIES FOR ONLINE SHOPPING IN INDIA



Research Problem: The global economy has undergone a transformation because to the growth of e-commerce, and emerging economies have been severely affected. But even while e-commerce offers a lot of chances for economic expansion, several issues unique to developing nations prevent it from reaching its full potential. These difficulties include problems like gaps in the digital infrastructure, worries about security and trust, restrictions imposed by regulations, and the fact that many people do not have access to technology. Examining the present situation of e-commerce in emerging nations, identifying the main obstacles to its expansion, and evaluating how these economies may use e-commerce to promote sustainable economic growth are the goals of this study.

Objective:

1. To study e-commerce's issues for consumers and enterprises in emerging economies
2. To study and assess new e-commerce trends in a way that businesses can assess them
3. To make strategic suggestions for overcoming the challenges and improving the effectiveness of e-commerce

Scope:

This research will primarily focus on the developing economy of India, while also drawing comparisons with other countries. To better understand the recent growth and expansion of e-

commerce, the study will analyze data from the five-year period between 2015 and 2020.

Key areas of e-commerce that will be examined include digital payment systems, the growth of online retail, the rise of mobile-based commerce, the evolution of logistics and delivery services, as well as the development of internet and communication infrastructure. By exploring these components, the study aims to provide a comprehensive view of how e-commerce has evolved and impacted economic activity in India and comparable emerging markets during this timeframe.

Limitation and Challenges

1. Inadequate Digital Infrastructure
2. Lack of Digital Skills.
3. Underdeveloped Payment Systems
4. Weak Logistics and Distribution Networks
5. Regulatory and Legal Barriers.
6. Currency Instability
7. Dominance of Informal Markets.
8. Cybersecurity Risks
9. Access to Capital for eCommerce Startups

Research Methodology

The research employs a mixed-method approach that includes both qualitative and quantitative data to understand the dynamics of the e-commerce sector in India. The methodology includes:

1. **Data Collection:** Secondary data was gathered from government reports, market analysis, and financial data from e-commerce companies.
2. **Statistical Analysis:** Descriptive statistics and inferential statistics were used to analyze the data.

Statistics Used

The following statistics were used in the research:

- **Growth Rate of E-Commerce in India:** The research presented the compound annual growth rate (CAGR) of the Indian e-commerce market over the past five years.
- **Internet Penetration:** Data on internet users in India was analyzed, showing the increase in online shopping, especially in tier 2 and tier 3 cities.
- **Market Share of Key Players:** The market share of dominant players like Amazon India, Flipkart, and others was assessed, along with their impact on the overall e-commerce ecosystem.
- **Consumer Behavior Analysis:** Consumer spending patterns and their preferences in various e-commerce categories (e.g., fashion, electronics, groceries).
- **Impact of Government Policies:** Data was analyzed on government policies such as "Digital India" and "Startup India" and their contribution to the growth of the e-commerce sector.

Results:

India's e-commerce sector has grown at an impressive compound annual growth rate (CAGR) of approximately 25–30% over the past five years, far surpassing the growth rate of conventional retail sectors.

Although urban regions continue to lead in online commerce activity, rural areas are increasingly becoming active participants. This shift is largely driven by greater internet availability and widespread use of mobile devices in rural communities. A notable trend in the Indian market is the rising popularity of mobile commerce. Currently, more than 70% of online purchases are made via mobile applications, reflecting a clear consumer preference for convenient, on-the-go shopping. Initiatives such as "Digital India" and "Startup India" have played a crucial role in strengthening the e-commerce landscape. These programs have boosted digital

infrastructure, encouraged entrepreneurship, and supported the growth of new online businesses. Despite strong growth, the industry continues to face notable hurdles. These include inefficiencies in logistics and supply chains, concerns over secure online transactions, and a complex regulatory environment that can pose difficulties for businesses operating in this space.

Recommendations

1. Infrastructure Enhancement
2. Policy and Regulation
3. Mobile Platform Optimization
4. Consumer Awareness
5. Integration of AI and Automation

Conclusion

The convergence of e-commerce and emerging markets offers a wealth of opportunities along with distinct challenges. As digital infrastructure, smartphone usage, and internet access continue to expand, new possibilities are emerging for both consumers and businesses. E-commerce platforms have unlocked access to international markets, empowered small and medium-sized enterprises (SMEs) to grow, and played a key role in driving economic diversification and job creation.

Despite these advances, several obstacles remain that limit the full potential of e-commerce in these regions. Challenges such as low levels of digital literacy, inefficient payment systems, underdeveloped logistics networks, and complex regulatory environments must be addressed. To capitalize on the benefits of e-commerce, focused efforts are needed to improve digital skills, upgrade infrastructure, and establish regulatory systems that encourage innovation while safeguarding consumer rights.

Looking ahead, e-commerce in emerging markets holds strong potential. Realizing this promise will require coordinated efforts among governments, businesses, and other key stakeholders. By overcoming current barriers and creating a supportive ecosystem, emerging economies can strengthen their position in the evolving global digital marketplace.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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