Darshan The International Journal of Commerce and Management ISSN: 2583-1682 (online) Volume - 2, Issue – 1, June – 2022
Bi-Annual double-blind peer-reviewed International Journal
Paper Submission Date: 22nd March 2022 Paper sent back for Revision: 5th April 2020 Paper Acceptance Date: 15th April 2022

A Study on Impact of Novel Government Initiatives on Expansion of E-Commerce Industry in India

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Abstract:

One of the key determinants of India's rapid economic growth is e-commerce. Digital India, Make in India, Start-up India, Skill India, Innovation Fund, and other government initiatives like Bharat Net, Government e-Marketplace (GeM) have contributed to the country's digital advancement and e-commerce boom. E-commerce growth in the country will most likely be encouraged by the timely and successful implementation of such schemes. In addition, the installation of a fiber network for 5G will significantly boost India's e-commerce industry. The Indian government's initiative has encouraged the growth of online businesses in the country. The purpose of this paper is to study the impact of government initiatives on the growth of India's e-commerce business. According to the research, India would have 220 million online shoppers by 2025. It added that the government's Digital India programme aims to create a trillion-dollar internet economy by 2025. The current FDI regulations by the Indian government allows 100% FDI under automatic route in the textile sector. The study is based on secondary data with the help of various journals, documents on different websites, data points on various government and publications.

Key Words: E-commerce, Government Initiatives, Digital India, Make in India, Bharat Net, Government e-Marketplace

Introduction:

E-commerce, or electronic commerce, is the activity of using digital devices and internet networks to trade goods and services. E-commerce is a vital part of a country's growth and development. The e-commerce business is seeing massive investments from global players, such as Facebook, which is investing in Reliance Jio. Increased internet and smartphone adoption have fueled most of the industry's expansion. The Indian e-commerce market has grown as more Indians have begun to shop online rather than going outside from their residences. According to the Retail Association of India(RAI), the e-commerce industry has experienced an annual growth rate of 51%, which is the highest in the world, and is predicted to reach $200 billion by 2026, up from $24 billion in 2018. NASSCOM stated that, despite COVID-19 issues and disruptions, India's e-commerce business is predicted to increase by 5% in 2021, with sales of US$ 56.6 billion.

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Indian e-commerce is growing at a breakneck pace, making it the world's fastest-growing online commercial market. Now is the time for governments to embrace the digital age. Digital India, Skill India, Startup India, and Make in India are all government initiatives that are helping to increase the internet trade. The Indian government has played a key and important role in the development of E-commerce infrastructure, as well as encouraging the private sector to participate in E-commerce development.

The availability of internet or broadband in rural areas is lower than in urban areas, but the government's dream project Digital India will fixed this gap, increasing the number of consumers for E-Commerce by spreading business using social commerce (Facebook Commerce, Twitter Commerce), mobile commerce, and other features of the Digital India project. "In the next phase of e-commerce, we predict a spike of demand from Tier 2 and Tier 3 cities and towns in India, bringing in the next 100s of millions of customers," Karthik Reddy, Managing Partner, Blume Ventures and Vice-Chairperson, IVC Association (IVCA), said in a statement. A fresh wave of investments in both B2B and B2C commerce is generating a massive gig economy, various sub-sectors have arisen, and storefronts, local commerce, e-commerce infrastructure, and payments are all embracing innovation.

Objectives:

1) To study on Initial Initiatives for the growth of e-commerce business in India
2) To study on Novel Government Initiatives for e-commerce industry in India
3) To study on the impact of Novel Government Initiatives for the expansion of the e-commerce industry in India

Research Methodology :

The current study uses exploratory data analysis from government publications,
websites, books, journal articles etc.

Preliminary Initiatives in the E-Commerce sector :

The Indian government has continued to encourage the internet and other ICT in order to develop a knowledge-based economy. This expansion of the Indian software industry and e-commerce was made possible by a number of international initiatives. As a result, plenty of international organizations, including the United Nations Conference on Trade and Development (UNCTAD), United Nations Commission on International Trade Law (UNCITRAL), World Intellectual Property Organization (WIPO), Organization for Economic Co-operation and Development (OECD), and others, have facilitated India in developing a global framework for e-commerce. The following are some of these organizations' primary initiatives:

The United Nations Conference on Trade and Development (UNCTAD) :

The UNCTAD is one of a number of UN entities working on trade facilitation. A special mission on e-commerce is included in UNCTAD's plan of action. It called on UNCTAD to hold worldwide discussions on the development, impact of global information networks, with a focus on developing countries' specific issues such as access to information technology, infrastructure constraints, and human resource capacity building. A series of regional workshops and roundtables on e-commerce have been held by UNCTAD's Division of Services Infrastructure for Development and Trade Efficiency. These have made it possible for businesses to discuss their ecommerce experiences.

United Nations Commission on International Trade Law (UNCITRAL) :

The United Nations Commission on International Trade Law (UNCITRAL) was founded by the United Nations General Assembly in 1966. The Commission's fundamental purpose was to promote the progressive harmonization and integration of international trade laws, as well as to eliminate unnecessary barriers to international trade caused by inadequacies and divergences in national trade legislation.

World Intellectual Property Organization (WIPO) :

The World Intellectual Property Agency (WIPO) is an international organization tasked with advancing intellectual property protection around the world. It has aided the rise of e-commerce by examining the difficulties surrounding the growth and governance of the Internet Corporation for Assigned Names and Numbers (ICANN).

Organization for Economic Co-operation and Development (OECD) :

The OECD has offered several recommendations on e-commerce matters, including telecommunications policy and regulations, information society economics, high-performance computers and networking, the Internet, IT standards, and security, privacy, cryptography, and intellectual property rights. It has conducted a series of e-commerce conferences as part of its e-commerce activity, which has resulted in a worldwide policy framework to develop and promote global e-commerce.

Novel Government Initiatives:

The Indian government has announced a number of programmes since 2014, including Digital India, Make in India, Start-up India, Skill India, and the Innovation Fund. E-commerce growth in the country will most likely be encouraged by the timely and successful implementation of such schemes. The following are some of the government's significant measures to boost E-commerce in India:

Digital India :

The Government of India has begun a campaign called Digital India to ensure that the government's services are made available to residents electronically through enhanced online infrastructure and increased Internet connectivity. Rural communities will be connected to high-speed internet networks as part of the initiative. It is made up of three main components: the creation of a safe and secure digital infrastructure, the digital delivery of government services, and universal digital literacy. The Digital India Project aims to break down barriers between rural and urban India.

Make in India :

The Government of India has made major initiatives to improve the business environment in the country, enable manufacturing, and allow FDI in key industries as part of Make in India, which is targeted at India's industrial development. The e-commerce platform went ahead and started looking for small businesses that were generating innovative products but were unable to expand beyond the neighbourhood retail situation due to capacity and investment restrictions.

Start up India :

Startup India is the government of India's flagship programme, with the goal of creating a strong ecosystem for nurturing innovation and startups in the country, resulting in long-term economic growth and large-scale job creation. The three major goals of the Start-up India project are:

1. Establish a unified stage for the whole start-up ecosystem to convene
2. Facilitate and support entrepreneurship
3. Encouraging entrepreneurship not just in major cities but also in rural areas of the country

Skill India:

The purpose of the project was to establish and implement comprehensive skill development training programmes that would help reduce the gap between industry demands and skill requirements, and therefore make the country develop as a whole. The government hoped to train more than 40 crore (400 million) individuals in India in various skills by

2022 as part of this plan. The 'e-Skill' India portal connects B2C digital e-learning sites that create and source e-learning content.

BharatNet

It's the world's biggest optical fiber-based rural broadband connectivity project. Bharat Broadband Network Ltd (BBNL) is also carrying out a major mission. The goal is to make it easier for rural Indians to access e-government, e-health, e-education, e-banking, the Internet, and other services. BharatNet will create more jobs, better service delivery (online e-gram panchayat services, e-governance, e-education, e-health, e-medicine, e-grievances, e-agriculture, e-citizen, and so on), and give a boost to the Make in India, Digital India, and Startup India projects. The programme will be expanded to include all inhabited villages in 16 states outside of gram panchayats.

Government e-Marketplace (GeM) :

The Government e-Marketplace was launched in August 2016 to allow central and state government institutions to purchase products and services online. GeM is a one-stop National Public Procurement Portal that allows various Central and State Public Sector Undertakings to purchase familiar goods and services online . It also includes e-bidding and reverse e-auction features to help government users get the most profit possible. GeM intends to continue growing and become a one-stop shop for consumers and merchants.

Impact of Novel Government Initiatives on E-commerce sector:

Digital India, Skill India, Startup India, and Make in India are all government initiatives that are helping to boost the e-commerce business. The e-commerce industry has been direct impact on India's micro, small, and medium companies (MSME) by providing funding, technology, and training, as well as having a positive cascade effect on multiple sectors.

Digital India :

Through Digital India campaign, the Government of India is aiming to create a trillion-dollar online economy by 2025. Swachh Bharat Mission (SBM) mobile app is being used by people and Government organizations for achieving the goals of Swachh Bharat Mission. Through Digital India Rural Citizens will enter in E-commerce world where they will get Global Market and Companies will get a lot of consumers and vendors. Through Digital India rural Indians will also make payment through either internet banking or mobile banking or debit card or cash on delivery easily.

Make in India :

The government initiative Make in India campaign will be effective and easy governance for high growth and employment opportunities. The current FDI regulations by the Indian government allows 100% FDI under automatic route in the textile sector, which means the Make in India schemes has backing currently for the textile and garment industry. The Make in India initiative will extend investment options for foreign companies. With tie-ups with local and domestic manufacturers, they will get the much needed boost for their growth and development.

Startup India :

Startup India provides free resources to startups to help them scale faster, better, and stronger. The portal acts as one stop platform for the stakeholders of startup ecosystem with aspiring entrepreneurs, startups, corporates, accelerators, incubators, government departments having profile on the platform. The portal includes the features like Information Availability, Startup India Hub, Application for startup recognition, Real time startup recognition, Verification of

Recognition Certificate etc. More than 446 Innovation Hunts and programs have been hosted on the Startup India portal by various government departments and corporates.

The increase in online users has been witnessed across various segments coming from Tier 2 and 3 cities. This could serve as a great market for native startups to tap in. The rise of technology adoption among small and medium businesses is also expected to drive the growth for digitally native startups.

Skill India:

Since implementation, the mission has helped boost employment. According to data from the Centre for Monitoring Indian Economy (CMIE), unemployment rate dropped to 6.5% in January 2021 from 9.1% in December 2020, while the employment rate increased to 37.9% in January 2021 from 36.9% in December 2020.
With this initiative the youth of the country not only gets training for the vocational and technical skill development for the domestic economy but also for the world; this can be achieved by mapping skills and developing corresponding training programmes, adopting best practises, embracing foreign campuses and achieving industry-ready skills. Ultimately the skilled entrepreneurs will be attract to the online businesses as the e-commerce industry is one of the important determinants for the rapid growth of Indian economy.

BharatNet :

According to Morgan Stanley's research, of India's 33% internet penetration in November 2017 only 15% and 2% of total internet users use online shopping and retail shopping respectively, estimated to go up to 78% penetration, 62% online shoppers and 15% online retail shopper respectively by 2027. To put the potential gains things in perspective, during the early phase of the project in 2018, India had a population of 1.3 billion people (1.36 billion in 2021), 1.23 billion Aadhaar digital biometric identities, 1.21 billion mobile phones, 446 million smartphones, 560 million internet users (800 million in 2021), 35% internet penetration (57% in 2021), and 51% growth in e-commerce. BharatNet will expedite broadband and smartphone penetration and speed and their multiplier impact on the economy. According to BharatNet Phase-1, It connected 1,00,000 gram panchayat, covering 300,000 villages by laying 300,000 km of optical fibre network.

Government e-Marketplace (GeM) :

GeM is enabling quick, efficient, transparent and cost-effective procurement, especially when government organizations require products and services urgently to fight against the Covid-19 pandemic. GeM has been promoting the Atmanirbhar Bharat policy, introduced in the wake of the **Covid-19 pandemic,** meant to encourage self-reliance and boost small Indian manufacturers. The online marketplace can aggregate demand from multiple entities for similar products, and build on the preferences provided by state governments to small enterprises.

Conclusion :

The Government Initiatives are looking promising and will revolute the E-Commerce sector through the internet and broadband to remote corners of India. It's not only increase trade, efficient warehousing and will also explore a huge market for product buying and selling. To attract the mass of rural area E-Commerce Industries have to launch mobile apps to influence them as well as vendors for buying and selling products/services through mobile internet. After implementing the dream project ―Digital India, India would become a very powerful in the digital world. The entire scenario of India is changing through E-Commerce industries that should be brought to the international platform by achieving the Digital India Project. With India being termed as 'a youth country', its people can be its greatest strength. The country should not only train and develop its young workforce for the domestic economy, but also for the world; this can be achieved by mapping skills and developing corresponding training programmes, adopting best practices, embracing foreign campuses and achieving industry-ready skills. In addition, the government's collaboration with global industries and individual participants will pave the way to effectively implement numerous initiatives and therefore, ensure availability of professional workforce and further increase employment; this could help India become the global skill capital.

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