

# Impact of E-Commerce to Transform India

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DOI:10.37648/ijps.v21i03.033

<sup>1</sup>Received: 30/11/2025; Accepted: 31/12/2025; Published: 07/01/2026

## Abstract

E-commerce is transforming India by driving massive economic growth, shifting consumer behaviour from physical to digital retail, and creating new opportunities in logistics, payments (like UPI), and direct-to-consumer brands. This transformation is being driven by the adoption of smartphones and initiatives taken by the government (the ONDC and Digital India). As a result, India is becoming a global hub for digital commerce, and its expansion into smaller cities is quickly occurring. The retail landscape is being reshaped towards a digital economy worth a trillion dollars as a result of this digital revolution, which improves convenience, broadens market access for businesses (especially small and medium-sized enterprises), stimulates innovation (rapid commerce, artificial intelligence), and raises employment. The objective of this research is to investigate the scope of the influence and expansion of e-commerce, as well as its impact on both the domestic and international market. Around the world, the growth of e-commerce is occurring at a breakneck speed. Its expansion and the benefits it provides are already obvious from the studies conducted in wealthy countries; nevertheless, it is also having a favourable impact on the growth of emerging countries. In the future, economies all over the world will experience improved growth in knowledge and information technology as a result of globalization and the easing of restrictions on imports and exports between foreign countries. E-commerce is also playing a significant role in the generation of higher revenue, the improvement of client base, and the creation of a greater number of jobs in the information technology sector in a nation that is still in the process of developing.

## 1. Introduction

Consumers are able to electronically trade goods and services with one another without the constraints of time or location thanks to the advent of e-commerce. Over the course of the previous seven years, electronic commerce has experienced significant expansion, and it is anticipated that this expanding trend will continue or even accelerate. E-commerce, often known as electronic commerce, is a phrase that refers to any kind of business or commercial transaction that takes place over the internet and involves the transfer of information. In addition to consumer-based retail sites, auction and music websites, and business exchanges that facilitate the exchanging of goods and services between corporations, those are just some of the sorts of enterprises that are included in this category. At the moment, it is one of the most significant parts of the Internet that has recently made its debut.

E-commerce refers to a wide range of business dealings that take place over an electronic network and are made possible by IT. In its most basic form, electronic commerce refers to the exchange of products, data, and services via the Internet and other public networks. Pricing, negotiating, payments, and, in certain instances, the shipment and delivery of goods and services are all examples of everyday economic operations that are put into practice through ecommerce, which makes use of electronic networks.

<sup>1</sup>How to cite the article; Prabhakar.J.R. (2026); Impact of e-Commerce to transform India; *International Journal of Professional Studies*; Vol 21, Special Issue 3, 223-227; DOI: <http://doi.org/10.37648/ijps.v21i03.033>

For the month of September 2023, the number of internet subscribers in India surpassed 918 million, marking a new high point for the country. The number of people who subscribe to the internet in rural areas is increasing at a rapid rate, and it presently stands at 375.66 million customers. This growth is indicative of the democratization of online access. Almost all of India's postal codes have been incorporated into the country's e-commerce system. According to a study that was conducted by the ISB Institute of Data Science and Ecom Express and titled "E-Commerce Logistics: Unveiling Data Driven Shopping Patterns," Tier-2, Tier-3, and Tier-4 cities, as well as cities further afield, are responsible for the highest volume of online orders. This indicates a significant shift in consumer behaviour, highlighting the convenience of shopping, the availability of options, and the effectiveness of supply chain infrastructure. Based on the findings of the ground-breaking research, it was discovered that Port Blair is one of the most prominent growth hotspots. E-commerce is dominated by the fashion and accessories category, which accounts for sixty percent of all transactions by volume. This is followed by the beauty, cosmetics, and toiletries category, which accounts for eleven percent; electronic devices, which accounts for ten percent; home, kitchen, and office: eight percent; and health, sports, and fitness: five percent. The Government e-Marketplace (Gem) has been instrumental in expediting government procurement, as evidenced by the fact that it has crossed an amazing INR 4 Lakh Cr in Gross Merchandise Value and has doubled its business in just one year. The Online Network for Digital Commerce (ONDC) has also contributed to the democratization of e-commerce by establishing a network that is both open and inclusive. This network allows buyers and sellers to communicate directly with one another, which in turn empowers small enterprises, particularly those located in rural areas. Over two years after its inception, the ONDC has successfully onboarded more than 2.3 lakh varied sellers and service providers? These sellers and providers include more than 400 self-help groups, more than three thousand farmer producer organizations, micro, small, and medium enterprises, and major corporations.

## 2. Advantages and Opportunities of E-commerce

The exponential rise of India's internet economy, which is expected to reach one trillion dollars by the year 2030, gives enormous opportunity for all parties involved, including consumers and corporations. It is anticipated that the market for e-commerce would reach a size of \$325 billion by the year 2030, making it the driving force behind this expansion. When it comes to enterprises, e-commerce offers a doorway to access a larger consumer base, leverage marketing methods that are more cost-effective, and investigate chances for expansion in a variety of categories and geographical regions. Consumers benefit from an unprecedented level of ease and accessibility brought about by e-commerce. Customers are able to view a wide variety of products, compare prices, and make purchases without leaving the convenience of their own homes with only a few clicks of the mouse. Additionally, users are able to save money on their purchases by taking advantage of the competitive pricing, discounts, and bargains that are frequently offered by virtual commerce platforms. Additionally, personalized recommendations and customized shopping experiences boost customer happiness, which in turn fosters long-term loyalty and engagement with the buying experience. However, in order to further push the expansion of the e-commerce sector, it is necessary to overcome logistical constraints, cybersecurity concerns, and regulatory complexities. Similarly, building trust and confidence in online transactions can be accomplished through the implementation of initiatives that aim to improve digital literacy and consumer awareness.

## 3. The Influence of E-commerce on Traditional Retail

Additionally, the capacity of e-commerce to reach customers outside geographical limits is driving traditional merchants to innovate and adapt in order to remain competitive. With the goal of improving the whole customer experience and maintaining their competitive edge, some companies are incorporating internet channels into their business models and utilizing Omni channel methods. For the purpose of setting themselves apart from their e-commerce competitors, some businesses are concentrating their efforts on delivering one-of-a-kind in-store experiences and individualized services. Overall, despite the fact that traditional retail faces problems brought on by e-commerce, the sector is being driven by innovation and development as a result of this phenomenon.

Creating a blended retail future, traditional brick-and-mortar stores in India are being forced to integrate online channels (Omni channel), improve in-store experiences, and leverage proximity & personalized service in order to

survive and grow alongside digital platforms. This is all because of the ways in which e-commerce is changing consumer behaviour, driving digital adoption, increasing price competition, and reducing foot traffic.

There is reason to be optimistic about the future of e-commerce in India, as forecasts indicate that it would increase at an annual pace of 18% through the year 2025. It is expected that India will become the third-largest consumer market in the world by the year 2030. This highlights the tremendous chances and potential that are waiting to be realized by the e-commerce sector in the country. Customers will have a more personalized and immersive shopping experience as a result of the advent of emerging technologies such as augmented reality, artificial intelligence, and machine learning. These technologies will alter the way customers engage with e-commerce platforms. In addition, the Indian economy is continuing to expand, and the purchasing power of consumers is growing. This, in conjunction with the facilitation of one hundred percent foreign direct investment in business-to-business (B2B) e-commerce and marketplaces, positions India's e-commerce ecosystem to experience sustained growth and innovation.

A dynamic transformation is taking place in the retail sector of India, which is being fuelled by the digital revolution. A new generation of consumers, particularly those living in non-metropolitan areas, are given the ability to access and pick products that are unmatched by e-commerce platforms. The rise of internet shopping has broken down geographical borders, which has opened up exciting opportunities for consumers as well as for businesses that sell goods and services. Consumers benefit from an unprecedented level of convenience and selection when they shop online. From the convenience of their own homes, people are able to search through a huge selection of products and locate the most affordable options. This enables people to make well-informed judgments about their purchases and to take advantage of the convenience of home delivery. In addition, retailers are capitalizing on the growth of e-commerce. Through the development of a unified Omni channel experience, they are able to accommodate a wide range of customer demands. Retailers have the opportunity to bridge the gap between the digital and physical worlds by providing either click-and-collect alternatives or the capability to conduct product research online before physically visiting a store for a more hands-on experience. The transformation of traditional retail establishments into experience-driven destinations can be furthered by the incorporation of interactive displays, individualized shopping assistance, or engaging in-store activities. This experience strategy encourages customer involvement and creates brand loyalty, thus resulting in the creation of a one-of-a-kind value proposition that cannot be replicated just through e-commerce. The development in e-commerce has a positive impact that reaches beyond the realm of the connection between consumers and retailers. It is necessary to have a robust logistics infrastructure in order to accommodate the rapidly expanding online retail sector, which has resulted in an increase in the demand for warehouses and fulfilment facilities. This will result in the creation of jobs in the areas of infrastructure development and logistics, which will open up interesting new career opportunities.

The expansion of online shopping has coincided with, and is serving as a driver for, fascinating new developments and adjustments. The future of retail in India is a combination of brick-and-mortar stores and online marketplaces, which will benefit shoppers and sellers equally. In order to meet the demands of today's tech-savvy shoppers, Indian retailers must forge a partnership between brick-and-mortar stores and online marketplaces.

#### 4. Government Initiatives

Since 2014, the BJP-led Central Government has launched numerous initiatives including Make in India, Digital India, Start-up India and others that directly or indirectly promote e-commerce. The following are some of the major initiatives taken by the Government to boost the e-commerce industry:

- Government increased the foreign direct investment (FDI) limit in e-commerce up to 100%. This encouraged foreign players to invest more in e-commerce in the Indian market.
- The proposed heavy investment of around \$14 billion by the Government to roll out the fibre network for 5G.
- Internet connectivity in local bodies in every Panchayat through BharatNet project.

- Drafting of national e-commerce policy, incorporating inputs from several industry stakeholders. The Government is planning to implement the policy soon to facilitate achieving holistic growth of the industry.

## 5. Major Developments in the Indian E-commerce Sector

- India is witnessing the emergence of online retail eco-systems, led by Flipkart/Walmart, Reliance, Alibaba, Amazon and Future Group.
- The mobile wallet transactions propelled by online shopping in India increased to ₹3,000 billion in FY18 from ₹200 billion in FY16.
- Flipkart acquired Israeli analytics firm Upstream Commerce in last September. The move helped Flipkart to price and position its products more efficiently.
- The launch of Paytm Payment Bank helped in attracting online buyers. It is India's first bank that enables online transactions with zero charges and no minimum balance and provides free virtual debit cards to customers.
- Tata Trust and Google are collaboratively helping improve internet penetration among rural women through the project 'Internet Saathi.'
- The Indian e-commerce industry witnessed 21 private equity and venture capital deals to the tune of US\$ 2.1 billion in 2017 and 40 deals to the tune of US\$ 1,129 million in the first half of 2018.
- Currently, more than 75,000 exporters from India are exporting their goods to overseas countries via e-commerce.
- Due to increased awareness and rising income levels, the appetite for international brands by the Indian online shoppers is growing rapidly which is attracting more foreign retailers to invest in the Indian e-commerce market.

## 6. Conclusion

When it comes to India, online shopping is more than simply a marketplace; it's a force for progress, creativity, and accessibility. The expansion of online shopping in India is being driven by a number of causes. To begin with, the prospective client base is growing as a result of the fast spread of internet connectivity, particularly in rural regions. Easy access to online shopping platforms has also been made possible by the spread of smartphones and affordable data plans. Users now have more trust in and appreciation for digital payment systems thanks to initiatives like UPI (Unified Payments Interface), which has greatly streamlined transactions. Additionally, customers from all walks of life have been drawn to the proliferation of e-commerce platforms due to the abundance of products offered at affordable costs and frequent sales events. India can fully utilize e-commerce to promote empowerment and prosperity by tackling difficulties, encouraging innovation, and seizing possibilities. Conclusions that can be drawn from this paper include the following results. Over the past several years, the e-commerce industry has been experiencing a number of driving forces in the national market. These forces include foreign direct investment, the Goods and Services Tax, and the engagement of niche enterprises in online trade. These factors have resulted in greater revenue production and have also led to an increase in client attractiveness through this sector. Aside from these considerations, the literacy rate in our country is also steadily rising, and customers are becoming more aware of the importance of comparing products online before making any purchase from an offline store. This, in turn, is contributing to a growth in the number of customers who shop online on a daily basis. On the other side, e-commerce is also shown a phenomenal growth in terms of promoting global business and removing hurdles that are associated with the boundaries that exist between nations. Additionally, it plays a significant role in the contribution to GDP. E-commerce is also contributing to an increase in the importation of goods, which will be beneficial to various segments of society in terms of the acquisition of knowledge and skills, the development of new technologies, and the enhancement of marketing strategies, as well as employment opportunities. Additionally, digital marketing is expanding at a faster rate

due to the fact that it is quick, convenient, and cost effective. As a result, the combination of digital marketing and online commerce will result in the introduction of new ways to perform marketing functions. It is anticipated that the sector of information technology and computer science would experience a growth in employment, while traditional jobs will experience a decrease. On the other hand, the final outcome will be determined by the potential, knowledge, and abilities of an individual, as well as how that person chooses to make use of this opportunity.

E-commerce has revolutionized Indian retail and is unstoppable. Our internet retail market is the fastest-growing among major economies. This industry has grown rapidly because to government efforts, aggressive discount-driven online markets, improved delivery infrastructure, and smartphone usage. Future India growth will depend on the sector's growth.

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