

Impact of E-commerce on Employment in India



Foreword



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While there are several arguments around the unprecedented growth of e-commerce and the role it is playing in the country's economic growth, its potential in creating employment opportunities is rarely discussed.

This report is focused on how the e-tail industry and the associated ecosystem is directly and indirectly impacting the employment landscape in India. The report also highlights the benefits of these employment opportunities leading to a wider socio-economic development impact, evolution of alternate employment models, skill redefinition, and developing a symbiotic relationship with leading government initiatives.

While the outlook remains positive, the industry still has to stand the test of time before it stabilizes, and attains more regulatory maturity and financial sustainability.

I would like to thank Snapdeal for working with us as one team with the objective of sharing these industry insights.

I hope this report is helpful in presenting a fresh perspective about the contribution to employment made by e-commerce in India.

"KPMG in India is involved as the 'Thought Partner' on the subject"



Kunal Bahl
CEO
Snapdeal

This report clearly articulates the employment opportunity that e-commerce represents in India - this industry would be the leading employment generator for at least a decade if not more. With India still being a largely untapped market for e-commerce, there are significant growth opportunities for e-commerce players, logistics firms, Small and Medium Enterprises (SMEs), IT/ ITeS organizations, and startups, which is expected to further strengthen employment scenario. This employment growth trend will impact urban and the interiors of the country, hence influencing the socio-economic fabric of the nation for a more balanced development.

The e-commerce industry is not just hiring, we are also upskilling people through regular training and interventions. We need skilled manpower across the entire spectrum to serve the billion Indians. What e-commerce can achieve in terms of generating employment opportunities, is one of the most exciting part of the digital commerce growth story. At Snapdeal, we firmly believe that our success lies in the success of our people.

Table of contents





Executive summary



E-commerce - Growing everyday



Creating an evident impact on employment in India



Socio-economic influence of e-commerce



Other levers supplementary to employment



In sync with the government priorities



Challenges and the Way Forward

Executive summary



The e-commerce sector in India is on a growth trajectory and is projected to cross USD103 billion by 2020 at an impressive CAGR of 41%¹. The major segment is e-tail, which forms the fastest growing segment, and is also expected to account for 67%¹ (USD 68.8 billion) of the total e-commerce market. The ongoing expansion and robust outlook have led to a progress story which will positively impact the entire e-commerce ecosystem.

While most of the discussions on impact of e-tail revolve around clichés such as ‘altering customer behavior’, ‘disruptive business models’, ‘unprecedented technological advancement’; the most encouraging aspect which doesn’t get mentioned enough is its impact on the creation of employment opportunities.

These employment opportunities are not only limited to e-tail, but has influenced the complete value chain with logistics, warehousing, technology, and support services being the most positively impacted. Besides creation of employment in direct industries, e-tail has also provided new opportunities to craftsmen, traditional artisans, merchants, sellers, and women. The speed and scale of potentially creating a larger socio-economic impact is noteworthy. E-tail has created a big impact on entrepreneurship and startup culture in the country and has helped people build careers from a range of varied skills such as developers, content writers, designers, photographers, etc. It has also created a shift in employee expectations by offering employment options with exciting career paths, diverse opportunities, and new age jobs. The trends are complimentary to many government priorities like Make in India, Digital India, and Skill India. Some key insights are mentioned below:



From the current (FY16) estimate of USD 23 billion, e-tail is expected to reach USD 68.8 billion (67% of the total e-commerce market) by 2020, growing at a CAGR of around 31%¹



For every job that is created by the e-commerce industry, further 3-4 jobs can get created in downstream industries²



E-tail and allied ecosystem is expected to create ~1.45 million employment opportunities by 2021, led primarily by more than 1 million jobs projected to be created by logistics and warehousing sector³



Online seller base is projected to grow to 1.3 million by 2020 and is expected to add more than 10 million net new jobs⁴



With about 70 % of the online sellers expected to come from smaller towns by 2018-19, e-commerce is also creating a noticeable socio-economic impact by reaching interiors of the country⁵

1. Goldman Sachs, India: Technology: Internet Report, E-commerce growth on the fast track as ecosystem improves, October 2015

2. Industry discussions conducted by KPMG in India with Nasscom, March 2016

3. Technopak Report: E-tailing in India, Unlocking the potential, The Need for India to Analyze E-tailing on its Own Merit, May 2013

4. <http://gurcharandas.org/forget-the-jetssetting-modiji-just-think-jobs-2016>

5. <http://www.pressreader.com/india/the-financial-express/20140915/281565173964654>

E-commerce - growing everyday

Rising growth projections



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. 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.

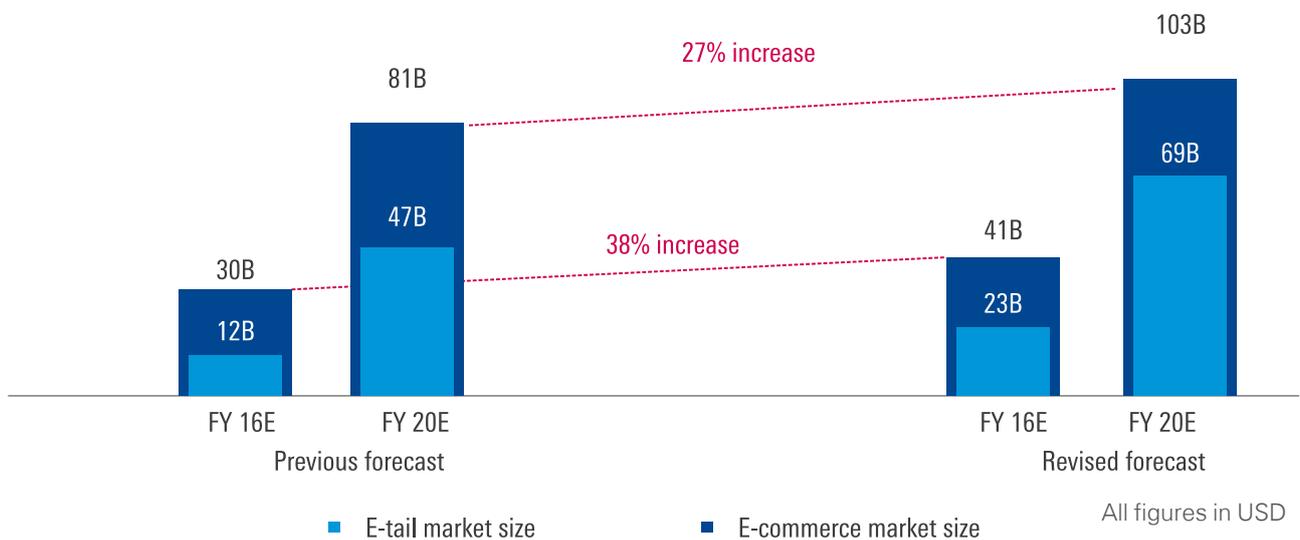
The e-commerce industry is expected to reach USD 41 billion in 2016 from an earlier estimate of USD 30 billion. The industry is further expected to grow at 41% Compound Annual Growth Rate (CAGR) and reach USD 103 billion in 2020, increasing the projections by 27% from previous estimates of USD 81 billion¹.

Among all the e-commerce segments, e-tail comprises of the largest share at USD 23 billion and is also the fastest growing segment. The other segments collectively contribute only USD 18 billion. E-tail is expected to grow to USD 68.8 billion by 2020 accounting for a share of ~ 67% of the whole e-commerce sector¹.

The primary factors that are expected to drive this growth are:

- Internet penetration projected to increase from current 32% in 2015 to 59% in 2020²
- Online shoppers (as a % of internet users) to grow from 12% in 2015 to 40% in 2020²
- Online spending per online shopper set to increase from USD 239 in 2014 to USD 299 in 2018²

Raising India's E-commerce Market Forecast



Source: Goldman Sachs, India: Technology: Internet Report, E-commerce growth on the fast track as ecosystem improves, October 2015

1. Goldman Sachs, India: Technology: Internet Report, E-commerce growth on the fast track as ecosystem improves, October 2015
 2. Morgan Stanley, India Technology report, February, 2016

Creating an evident impact on employment

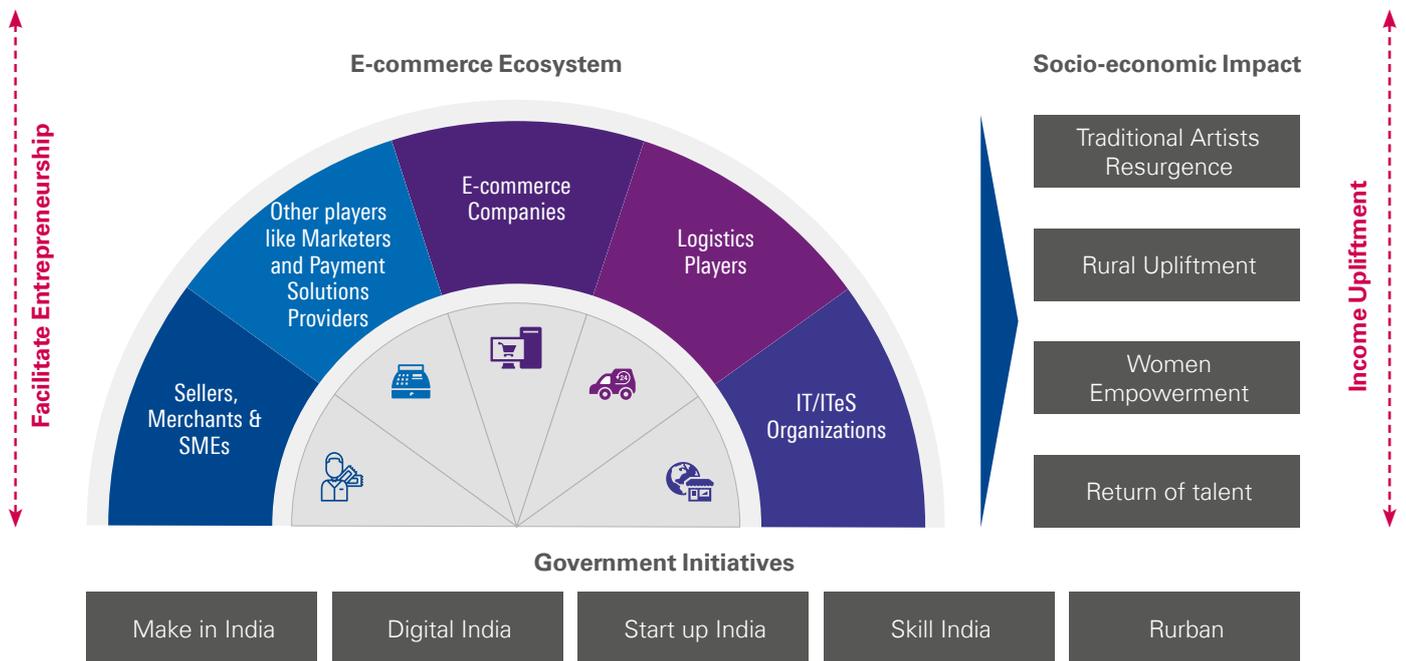
Analyzing the impact of unprecedented growth



Like any industry which is spurred by evolution, the direct impact of the e-commerce growth has been on the creation of employment opportunities across the value chain. Apart from the direct employment contribution that has been made by the e-tail players, what is noteworthy is the indirect/adjacent employment generated in the allied industries like logistics, warehousing, IT/ ITeS, sellers and SMEs, and other support industries (like payment solutions, marketers, and advertisers).

The following framework captures major influencers in e-commerce led generated employment, i.e. key e-commerce ecosystem players, socio-economic impact of the e-commerce industry, and its synergies with the government initiatives.

KPMG in India analysis of e-commerce impact on employment



This report primarily captures creation of direct and indirect employment; however, the subsequent downstream employment added by factors like e-commerce’s influence on the increase in consumption, plus growth of other industries like real estate, security, housekeeping, etc. to meet the supply side, is also worth stating.

In the following sections we will describe each component of the framework in detail and the impact it is creating on employment opportunities.



E-commerce – contributing in generating employment and improving socio-economic environment



1.45 million

direct employment opportunities in e-tail¹



1 million

jobs by e-tail logistics and warehousing¹

E-tail led employment to grow at 58% CAGR

E-tail and the allied sectors, like logistics, warehousing, IT/ITeS, expected to create direct employment for around 1.45 million of workforce by 2021, a significant jump from the 23,500 jobs which existed in 2012.

E-tail logistics and warehousing leading the employment generation

The overall e-tail logistics and warehousing sector to directly employ more than 1 million people by 2021, becoming the largest contributor in terms of employment opportunities created by e-tail.



80%-90%

of the e-tail logistics workforce engaged in last mile²



0.4 million

technology and corporate jobs¹

Employability for people with basic/no formal qualification

Majority of the e-tail logistics workforce engaged in providing last mile connectivity, providing employment opportunities to people across tier II, tier III towns with no formal degrees. This is helping create an environment of more inclusive and balanced growth.

Opportunities for skilled jobs

E-tail expected to emerge as a destination for highly-skilled technology jobs employing nearly 0.3 million people by 2021. Besides technology, the regular corporate functions like HR, finance & accounts, administration etc. to add nearly 0.1 million workforce by 2021.



1. Technopak Report: E-tailing in India, Unlocking the potential, The Need for India to Analyze E-tailing on its Own Merit, May 2013

2. Industry discussions conducted by KPMG in India, March 2016

E-commerce – contribution in generating employment and improving socio-economic environment



20%
of total online sellers are women³

Empowering women

E-commerce is providing opportunity to women to become independent entrepreneur and enabling them to perform both the roles of a homemaker and a career women. Recently launched online portal, named Mahila-e-Haat, is expected to benefit around 10,000 self-help groups and 1.25 lakh women⁴.



70%
of the online sellers to come from smaller towns⁶

Change agent for sellers, craftsmen, and artisans from smaller towns

Encouraged by enhanced customer reach, higher profits, and improved employment opportunities, 70% of the online sellers are expected to come from tier-II, tier-III by 2018-19⁶. Online trading platforms also providing fresh lease of life to artists and craftsmen engaged in traditional art forms.



0.3 million
employment opportunities in villages⁵

Reaching interiors of the nation

As part of the signed Memorandum of Understanding (MoUs), the Ministry of Communications and Information Technology plans to connect e-commerce companies with its 130,000 common service centers (CSCs) to potentially create 300,000 employment opportunities⁵.



63%
of the e-commerce ventures by first time entrepreneurs⁷

Push for entrepreneurship

Startup ecosystem is attracting young entrepreneurs with 73% of the startup founders are less than 35 years⁸ old, and 9% are women. About 63% of the e-commerce ventures have been started by first time entrepreneurs⁷.



3. <http://www.businessinsider.in/Here-is-how-eCommerce-is-turning-Indian-women-into-entrepreneurs/article-show/46552472.cms>

4. <http://indiatoday.intoday.in/education/story/mahila-e-haat/1/614617.html>

5. http://www.business-standard.com/article/companies/connect-india-ropes-in-cscs-for-e-commerce-delivery-in-rural-parts-115093000267_1.html

6. <http://www.pressreader.com/india/the-financial-express/20140915/281565173964654>

7. <https://inc42.com/buzz/the-goodness-from-the-e-commerce-bubble-in-india/>

8. <http://www.nasscom.in/it%E2%80%99s-moonshot-indian-startup-landscape-displays-promising-future>

The encouraging projections

Hiring activities in the country grew by nearly 10% in 2015, and most of the recruitment surveys have highlighted an optimistic hiring outlook by the Indian companies for 2016⁹. This push is expected to come mainly from the e-commerce sector, with almost all recruitment agencies highlighting aggressive hiring by e-commerce companies and reinforcing the sector's role in leading the employment creation.

E-commerce and tech startups are likely to dominate the hiring landscape in the coming months as the sector is likely to witness a 23.6% growth in jobs during April-September 2016. This is primarily due to the increase in the consumer spending and renewed focus on market expansion¹⁰.

While the sentiments are positive, for an industry increasingly in a state of positive flux, it is challenging to put an absolute number around the impact it is creating on employment. According to ASSOCHAM, e-commerce currently employs 0.35 million people and is expected to create anywhere between 0.5 million-0.8 million employment opportunities by 2018-19 with e-tail alone creating 0.25 million jobs in 2016¹¹.

Talking specifically of the e-tail ecosystem, expectation is that the industry will contribute to 1.45 million of employment in 2021, a significant jump from the 23,500 jobs which existed in 2012¹². This includes the employment created in the key allied sectors like logistics, warehousing, and IT/ITeS.



E-tail employment to grow at CAGR of 58% in less than a decade

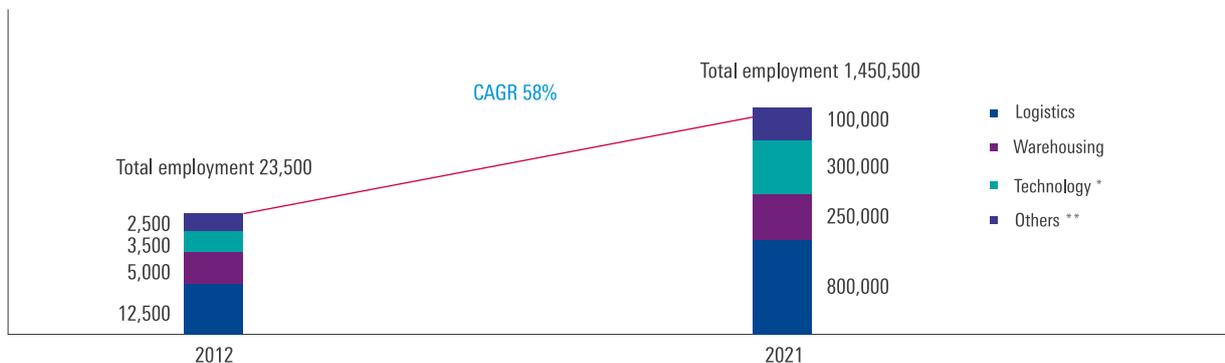


Logistics at ~55% of e-tail jobs, expected to be the largest contributor at 0.8 million by 2021, driven mostly by the vast number of employees to provide last mile connectivity



Core technology jobs expected to see the biggest growth at CAGR of ~64% of e-tail jobs

E-tail employment projections¹²



*Core technology jobs include jobs for developing and improving online interface, algorithms, and analytics, etc.

**Others include customer care employees, merchandisers, HR, finance, etc.

9. http://articles.economictimes.indiatimes.com/2015-12-13/news/69006471_1_hiring-activities-job-market-antal-global

10. http://articles.economictimes.indiatimes.com/2016-05-11/news/73014865_1_teamlease-employment-outlook-report-consumer-spending-startups

11. <http://www.assochem.org/upload/news/1454763363.pdf>

12. Technopak Report: E-tailing in India, Unlocking the potential, The Need for India to Analyze E-tailing on its Own Merit, May 2013

E-commerce companies – hiring big and the best

E-commerce companies are adding significant employee strength to support the growth that they are witnessing. Two of the leading e-tail players have increased their combined workforce from less than 10 to 40,000+ employees, within 6-9 years of inception¹³. Global e-commerce players entering the Indian market have also expanded their workforce to make the most out of the industry growth.

The organizations are predominantly hiring in technology profiles considered core to e-commerce companies followed by other key functions like product marketing, supply chain, pricing and profit management, customer and seller experience management, merchandising, vendor management, content development, and service. It is not surprising to see that e-commerce companies have managed to attract the best engineering and management brains, and are also heading to Silicon Valley in search to hire the top tech talent. The e-tail market is expected to emerge as a destination for highly-skilled technology jobs employing nearly 0.3 million people by 2021¹⁴. Besides technology, the regular corporate functions like HR, finance & accounts, administration, customer care, vendor management, merchandising, etc. are expected to add nearly 0.1 million employees to the workforce by 2021¹⁴.

The beauty of e-commerce companies today in the employment market is that it exposes the recruit to a start-up environment very early in their career. Exposure to the pace and quick decision making processes enables the new recruit to think on their feet every time. However, most e-commerce players have amoebic structures and processes, which demands a lot of maturity and adaptability from the new hires. The hires may need to shun away the traditional mindset of how organizations function and rigid reporting relationships that decide the future of individuals.

E-commerce companies provide a platform where innovation and speed could precede legacy and experience. That is why we see many young professionals donning senior management roles in the e-commerce sector. The mindset change is thus a given for people who are building a career in this sector.



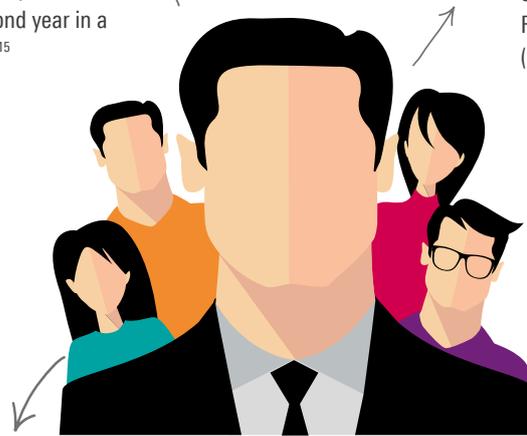
Sreedhar Prasad
Partner
E-commerce and Startups
KPMG in India

A paradigm shift in the aspirations of young Indians

With e-commerce companies creating new age employment opportunities, there has been a paradigm shift in employee expectations. E-commerce companies provide aggressive career paths, multitude of opportunities, and skillset growth, which inclines the employment seeker towards the dynamic and challenging work environment. As per a recent surveys:

E-commerce voted as the most preferred sector for employment for the second year in a row¹⁵

3 of the leading e-tail players made it 'to the Top 30' in the Campus Recruiter Index (CRI)¹⁵



¼ of the MBA students from across India's top tier business schools highlighted the fledgling e-commerce sector as their sector of preference, ahead of BFSI and IT¹⁵

1 of every 9 students graduating from IIT, likely to join an e-commerce company¹⁶

13. Industry discussions conducted by KPMG in India, March 2016

14. Technopak Report: E-tailing in India, Unlocking the potential, The Need for India to Analyze E-tailing on its Own Merit, May 2013

15. http://articles.economicstimes.indiatimes.com/2016-04-05/news/72070542_1_fmcc-sector-amazon-india-preferred-sector

16. <http://economicstimes.indiatimes.com/jobs/changing-trend-over-10-of-iit-graduates-likely-to-join-new-generation-companies-this-year/articleshow/45354090.cms>

A catalyst to facilitate entrepreneurship

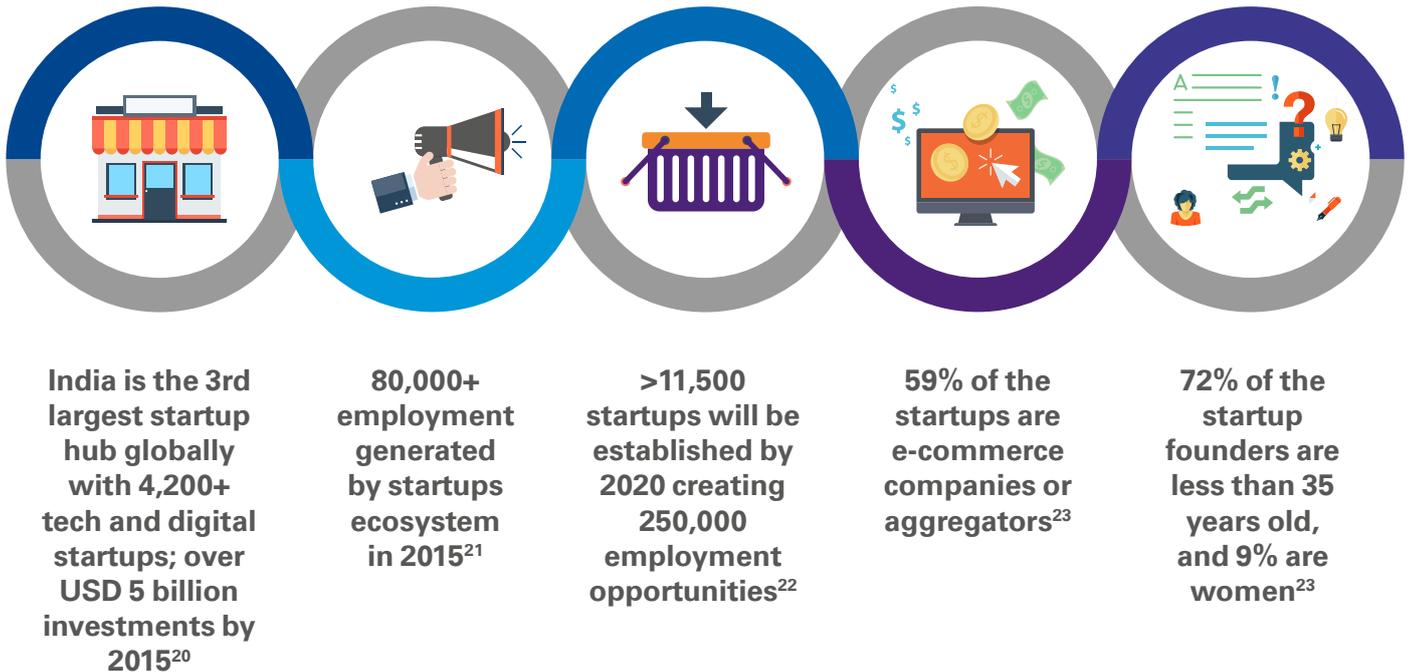
The thriving startup culture in the country has been enriched by e-commerce creating enabling conditions for entrepreneurship across the value chain. It is creating opportunities for entrepreneurs to become 'service providers' to the larger e-tailing industry by venturing into logistics, technology, services, marketing to provide customized solution.

E-commerce has also given a boost to the cause of freelancers. E-commerce freelancers like developers, designers, content writers, models, consultants are earning more than USD 10/hour. The estimated monthly salary of such freelancers is more than the salary of permanent employees (of the same age bracket) in most other industries¹⁸.

It is estimated that by 2021, startups, small enterprises, and freelancers in India will have the potential to earn ~USD 7.5 billion annually by providing services to e-tail businesses¹⁹.

63% of the e-commerce ventures have been started by first time entrepreneurs¹⁷

Startups changing employment landscape in India



17. <https://inc42.com/buzz/the-goodness-from-the-e-commerce-bubble-in-india/>

18. Industry discussions conducted by KPMG in India, March 2016

19. Technopak Report: E-tailing in India, Unlocking the potential, The Need for India to Analyze E-tailing on its Own Merit, May 2013

20. <http://economicstimes.indiatimes.com/small-biz/startups/india-ranks-third-in-global-startup-ecosystem-nasscom/articleshow/49341735.cms>

21. <http://tech.firstpost.com/news-analysis/india-youngest-startup-nation-80000-jobs-created-nasscom-india-startup-report-284520.html>

22. <http://profit.ndtv.com/news/industries/article-indian-start-ups-may-create-2-5-lakh-jobs-in-5-years-722818>

23. <http://timesofindia.indiatimes.com/tech/tech-news/Indian-startups-on-track-to-raise-5-billion-in-funding-Nasscom/articleshow/49357947.cms>

Drawing Parallels with the e-commerce industry in China: Creating a marked impact on employment

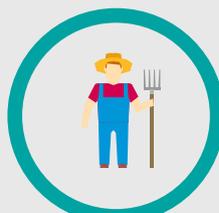
India's e-commerce journey has always elicited comparison with China's e-commerce industry growth. If the same parallel has to be drawn in terms of the employment opportunities created by the e-commerce industry in China, the statistics look very promising for India's e-commerce story. As per a recent survey conducted by the China Association for Employment Promotion, CEAP (part of the Ministry of Human Resources and Social Security):

- **>10 million people are directly employed by the e-commerce industry in China with e-tail as the largest contributor²⁴**
- **>90 % of the retail e-commerce shops are owned by individuals, employing about 6 million people, making the industry a big catalyst for small-scale entrepreneurs²⁴**

E-commerce has also proved to be extremely effective towards economical inclusion by creating jobs for "vulnerable groups." This includes people who are unemployed or partially employed.

E-commerce impacting employment in China

~1% of online shop owners come under disabled category



7% of shop owners were farmers before joining e-tail

19% of current shop owners were previously unemployed



40% of e-commerce entrepreneurs were unemployed workers and college graduates

0.28 million jobs were created by the e-commerce industry in rural china



Industry survey conducted by the China Association for Employment Promotion, part of the Ministry of Human Resources and Social Security, 2014

24. Industry survey conducted by the China Association for Employment Promotion, part of the Ministry of Human Resources and Social Security, 2014

Logistics - the largest contributor to the e-commerce employment

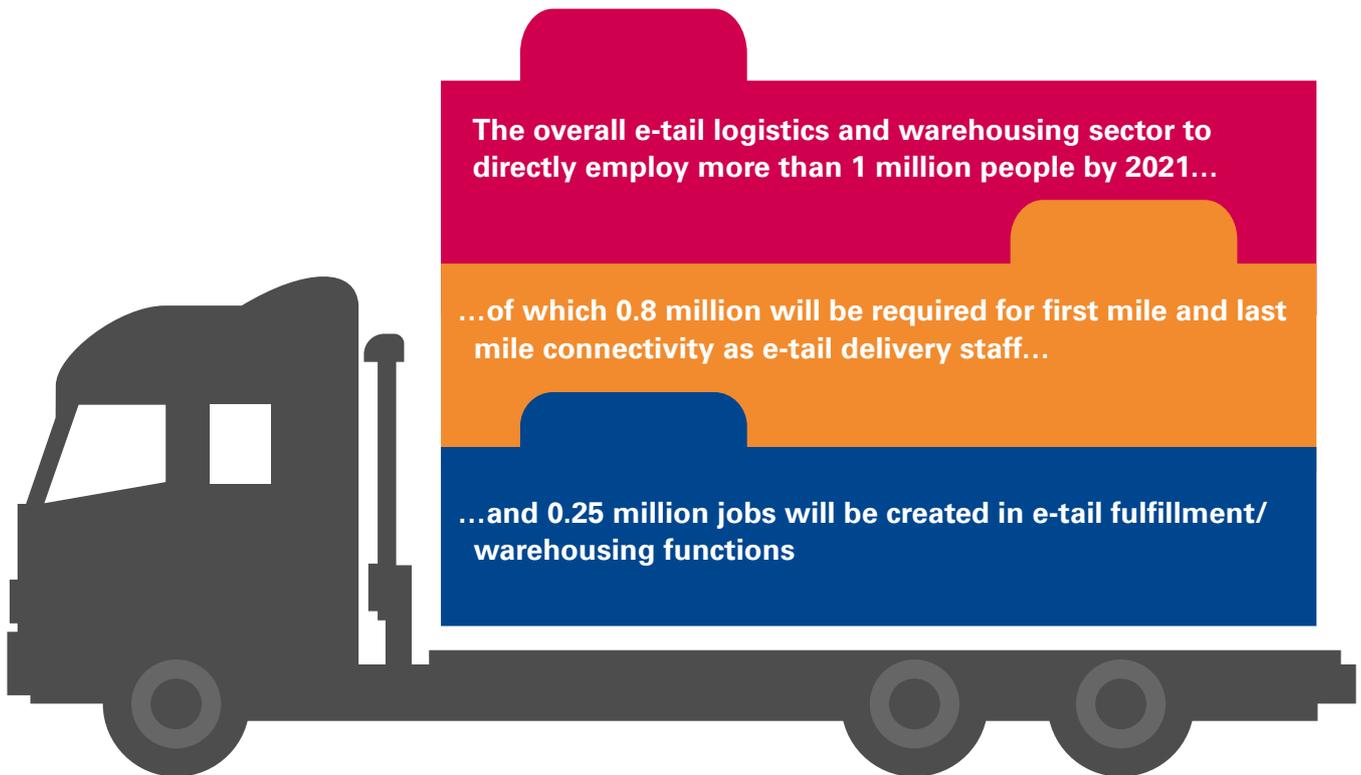
Fulfillment time is a critical KPI for e-tail logistics, and plays a key differentiating factor in the e-commerce ecosystem. Logistics today is the biggest opportunity and the biggest challenge in the e-commerce ecosystem since it directly impacts the order fulfilment. The key challenges in logistics are around streamlining the delivery process across various touch points including first mile logistics, fulfillment, processing, sorting, last mile delivery and reverse logistics. This key dependency on logistics in the entire e-tail value chain, along with the growth of the e-commerce industry, has provided the logistics sector a major thrust. The revenue for the e-commerce related logistics industry is expected to increase 70 times to USD 2.6 Billion (INR 14,300 crores) by 2020²⁵.

Overall logistics, transportation, warehousing and packaging sector employs over 16.74 million people and is estimated to employ more than 28.4 million by 2022²⁶.

While e-tail's growth has led to the overall strengthening of manpower requirements across the supply chain by logistics players, 80-90% of this workforce are engaged in providing only the 'last mile connectivity'. With more than 12.5 lakhs shipment per day by the four major players alone²⁷ (approx. 55% shipments to tier II and tier III cities), these manpower requirements are constantly surpassing the earlier counts, further leading to:

- Creation of employment opportunities in tier II and tier III cities
- Engagement of workforce with even basic qualification
- Change in engagement models e.g. increase in temporary and contractual employment during peak seasons
- Transformation of lives of blue-collar workers

E-tail specific logistics employment projections²⁸



25. <http://cashdealkart.com/blog/e-commerce/changing-employment-growth-logistics-industry-impacting-employment-opportunities/>

26. <http://timesofindia.indiatimes.com/india/28-4-million-skilled-workforce-needed-in-Logistics-sector-by-2022/articleshow/47513316.cms>

27. Industry discussions conducted by KPMG in India, March 2016

28. Technopak Report: E-tailing in India, Unlocking the potential, The Need for India to Analyze E-tailing on its Own Merit, May 2013 and KPMG analysis

Currently, the e-tail logistics sector landscape includes:

- Traditional logistics service providers - changing their DNA and building niche e-tail focus
- E-tail focused logistics service providers - coming into existence only because of e-tail
- Captive logistics arms – the e-tail players building their own logistics capabilities.

Traditional logistics service providers: Gauging the huge opportunity, traditional logistics players like Gati, Blue Dart, DotZot, DTDC have geared up to tap the e-tail sector and for many it has become the highest contributor to their revenue. For example:

- Gati's e-commerce arm revenue grew from INR 20 crore in FY13 to INR 127 crore in FY15²⁹
- E-tail is contributing to 25% of Blue Dart's revenue³⁰

The traditional players have become more focused with carving out niche e-commerce business units and are supplementing it with dedicated workforce.

Blue Dart is a 10,000+ people strong organization and of this ~ 20% workforce is catering to the e-tail segment.

The density of shipments in metro cities is high even though only 8-10 cities fall in this category. With approx. 300-400 tier I, II, and III cities, for a similar shipment volume, outreach becomes a key challenge and a differentiator. Hence, the logistics players are required to engage a large number of employees in these cities, creating an environment conducive to inclusive employment opportunities. Out of our total workforce, ~80% of the workforce is engaged in providing last mile connectivity.



Ketan Kulkarni
Head - Marketing,
Corporate Communications
and Sustainability
Blue Dart

E-tail focused logistics service providers: E-tail delivery demand and related complexity has led to a host of new players foraying into the logistics space with prime focus on the e-commerce sector. Out of the approximately 90 logistics startups that have sprung up over the past few years, more than 50 were founded in 2014-15 alone³¹. The e-tail logistics companies like Delhivery, Ecom Express, Holisol, Pristine Logistics and NuvoEx have come into existence only because of the e-commerce sector. Players like Ecom Express, Delhivery and GoJavas are hiring big and together employ more than 30,000 people³⁰.

Ecom Express started with operations in 35 cities in 2013, has grown to 653 delivery centers in 207 cities. It has increased its employee strength from 311 to the current base of 15,000 and plans is to increase it to 50,000 – 60,000 in next 3-5 years. With 70% of its business coming from tier III and IV cities, it is helping with employment generation in the interiors of the country³⁰.

Captive logistics arms: The major e-tail players are working on expanding horizontally and minimizing costs by building their own logistics fleets, warehouses and fulfillment centers or strategically investing in other logistics companies.

E-tail centric logistics startups – growth and employment story

	Ecom Express	Delhivery	GoJavas
Launched	January 2013*	April 2011*	September 2013**
Delivers to ³²	4,800 pincodes	4,000 pincodes	4,000 pincodes
No. of employees ³²	10,000+	15,000+	10,000+

*<http://www.businesstoday.in/magazine/features/e-commerce-logistics-startups-are-growing-rapidly-delhivery/story/214446.html>

**<http://knowstartup.com/2015/08/gojavas-hassle-free-logistics/> - Incorporated as a separate entity

29. <http://www.financialexpress.com/article/industry/companies/delhivery-boys/100492/>

30. Industry discussions conducted by KPMG in India, March 2016

31. Nielsen report, Logistics can help e-commerce go the distance, 2015

32. Goldman Sachs, India: Technology: Internet Report, E-commerce growth on the fast track as ecosystem improves, October 2015

Disruptive Logistics: In addition to the types of logistics firms mentioned above, there are companies which are using innovative business models to manage e-tail deliveries. These logistics players are not only scaling up their own manpower, but are also collaborating with local outlets. One of the leading e-tail player has also partnered with Mumbai 'dabba-walas' to build a robust delivery model which in return provides them the opportunity to earn more.

E-tail industry is undergoing constant evolution due to changing requirements from the customer and increasing scale of business. Therefore, the impact on employment in e-tail logistics is twofold – firstly, increasing the number of workforce to meet the growing demand, and at the same time getting skilled professionals to fulfill the changing requirements. Hence, we have observed a high amount of recruitments from the top tier B-Schools for logistics related corporate roles, along with better policies and payouts for ground level operational roles for warehousing, last mile delivery etc.



Jaideep Ghosh
Partner and Head
Transport, Leisure and Sports
KPMG in India

India Post - Re-witnessing growth, riding on the wave of e-commerce growth

India Post, with more than 150 years of operations, massive outreach of 154,882 post offices³³, and a workforce of 460,000 employees³⁴, was reeling under revenue pressure because of decreasing letter and document traffic, stiff competition from private courier players, and delay in achieving technological improvements.

On the other hand e-tail companies with unexpected growth, were struggling with high shipping and logistics cost, delivery issues marred by low geographical penetration, cash handling while providing Cash On Delivery (COD) services, etc. India Post weighed this opportunity and started partnering with e-tail companies (currently partners with 400 e-tail players)³⁵. With this new lease of life, India Post is now targeting a revenue of INR 5,000 crore by 2017 from the e-commerce sector alone³⁶.

The e-commerce industry has helped India Post back on growth path, with a jump of 900% in COD revenue from INR 100 crore in FY 13-14 to INR 1,000 crore by Dec, FY 15-16³⁷.

India Post has become the premium courier service for e-commerce. India Post's revenues from cash-on-delivery is going to be INR 1,500 crore by the end of March, 2016³⁸.

We want to make it more attractive for postmen/delivery agents to use their own vehicles (for e-commerce deliveries) and are considering various options. We have set up a committee to look into the compensation of rural officers, mainly who work part-time, and plan to restructure it accordingly. We are also working on their skills like how to interact with people³⁹.

Ravi Shankar Prasad
Minister Communications and
Information Technology

Kavery Banerjee
Secretary
Department of Posts

India Post's revival has led to the upliftment of its large employee base. The department is also planning to incentivize and up-skill them.

33. http://www.indiapost.gov.in/our_network.aspx

34. <http://www.forbes.com/sites/saritharai/2015/11/03/e-commerce-resuscitates-moribund-india-post-worlds-largest-postal-system/#29b2f78d6117>

35. <http://timesofindia.indiatimes.com/tech/tech-news/400-e-tailers-tie-up-with-Department-of-Posts-for-delivery/articleshow/51430558.cms>

36. http://articles.economictimes.indiatimes.com/2015-02-26/news/59541966_1_india-post-flipkart-and-amazon-e-com-express

37. <http://www.indiatimes.com/news/india/india-post-sees-a-massive-900-jump-in-profit-as-the-preferred-partner-of-e-commerce-brands-249344.html>

38. <http://indianexpress.com/article/india/india-news-india/india-post-rides-e-tail-boom-reaps-big-rewards/>

39. http://www.business-standard.com/article/economy-policy/india-post-is-grappling-with-e-tail-shift-kavery-banerjee-116031600041_1.html

E-commerce - becoming a newer focus for IT/ITeS

With innovation, omnichannel experience, mobile commerce, deep customer insight analytics, and security becoming core to success, the e-commerce industry is offering attractive avenues for IT companies to develop e-commerce centric products and services. This is creating abundant demand for IT and ITeS professionals - ranging from high end skills like product development, architecture, analytics, data mining, and user interface design to customary skill sets around managing delivery infrastructure and call center operations.

The Indian IT and ITeS industry is expected to grow to about USD 300 billion by 2020⁴⁰, and one of the propagating factors will be the e-commerce industry

Public cloud market alone in the country is estimated to treble to USD 1.9 billion by 2018 from USD 638 million in 2014 due to increased penetration of internet and rapid emergence of e-commerce⁴⁰

Hiring activities in the IT industry, which employs 10 million workforce currently⁴⁰, are witnessing a growth of 9% y-o-y as compared to the last year⁴¹

Large IT players, which focused mainly on international markets, have all started e-commerce business focused vertical, emphasizing shift in attention to the domestic market

Any industry, in the initial years of expansion, follows an employment growth similar to the revenue growth rate. With strong projected revenue growth, the next 5-6 years for the e-commerce industry, enabled by IT/ITeS industry like BPO players, is expected to generate multiple job opportunities.

The IT/ITeS industry boomed to serve the services export market because of labor arbitrage. However, the e-commerce industry is driving an increasing share of domestic technology services and products market. In future, we will see the Indian IT/ITeS industry boost global aspirations of e-commerce players in India, and help them grow in other emerging markets like Africa.



Achyuta Ghosh
Head - Research
NASSCOM

The outsourcing story continues

The e-tail companies initially outsourced basic processes such as back office, customer experience, and support. However, the trends are changing now as:

- Outsourcing opportunities are evolving around end to end customer lifecycle management, analytics, and social media communication, besides back office operations
- Enormous opportunities are emerging with outsourcing of processes in seller experience management and marketing like onboarding, quality check, MRP check, and content, image, and pricing management
- The focus is moving from elementary skills of call handling to niche skills like fraud management, and analytics
- Organizations are using innovative labor flexibility model, like staffing mix of part time, contractual, and flexi employees, to cater to the sporadic peak in operations

India's e-commerce sector is growing at an exponentially fast pace. In India, this industry has evolved in 2-3 years, when in other mature markets, it has taken around 10 years or so. Aegis is a global BPM player which has been servicing global e-commerce clients for over 4-5 years. To cater to the e-commerce growth in India, we have a dedicated workforce in the range of 1,800 to 2,000 which is growing at 200-250% annually, with a presence across tier I, tier II, and tier III cities. We believe that the top three e-tail players are currently outsourcing 35-40% of their customer and seller experience management processes. We are constantly up-skilling talent and investing in innovations to service the e-tail industry better. We are also evaluating diverse engagement and delivery models, such as work from home options for employees, to provide more flexibility during a surge in the operations.

We believe that e-tail companies can outsource as much as 95% of their customer/ seller experience processes. This can prove to be a game changer for the Indian IT / ITeS sector.



Joe G John
Senior Vice President and Head of Business Development (India)
Aegis Limited

40. <http://www.ibef.org/industry/information-technology-india.aspx>

41. <http://economictimes.indiatimes.com/jobs/25-growth-in-hiring-activity-in-december-2015-over-december-2014-says-naukri-job-speak/articleshow/50574313.cms>

E-tail promoting growth of sellers, merchants, and SMEs

During the last decade, e-commerce has emerged as a game changer for sellers across the world. Web-enabled sellers and merchants, in general, claim higher profits, enhanced customer reach, and improved employment opportunities. It is helping sellers, merchants, and SMEs to tap new markets, both domestic and international, which were not fully explored earlier due to middlemen and complex trade structures.

As Business to Customer (B2C) e-commerce stabilizes and saturates, the next wave of e-commerce growth will come from Business to Business (B2B) and Consumer to Consumer (C2C) e-commerce models. It is estimated that e-commerce B2B segment will grow 2.5 times from INR 19 trillion in 2015 to INR 45 trillion in 2020.⁴³ The B2B players serving the domestic market are also gaining share in international market. Since the products are sourced from the local manufacturers, this segment is creating a significant impact on the number of people employed to support its growth. On the other hand, C2C model is gaining traction as a low cost, convenient model where buyers can directly connect with sellers and do without a middleman. Many of the online players are entering and expanding in categories like classified, auctions, housing etc., providing platform to enable C2C transactions and interactions and in turn creating employment opportunity. With around 10% of C2C market being captured currently, the opportunity for this segment and related job market to grow is immense.⁴⁴

E-commerce has been instrumental in providing access to a wider market for vendors. In the process, it has led the ecosystem to invest more in enhancing their value proposition through enhanced customer experience, and more efficient financial and supply chain management.



Anand Ramanathan
Partner
Strategy and Operations
KPMG in India

E-commerce is creating masses of new jobs. By 2020, it is expected to reach USD 90 billion in sales with 1.3 million sellers online. Each seller creates four direct jobs and 12 indirect jobs in warehousing, delivery, and support services. This adds to 20 million jobs. Some of these will replace offline jobs, but even if half is incremental, this means 10 million net new jobs⁴².

Gurcharan Das
Author and Thought Leader

Opportunity creation for SMEs/MSMEs – The Small Scale Industries (SSI) contributes to about 40% of the country's industrial output and 35% of direct exports⁴⁵. There are around 400 SSI clusters that have been in existence for decades and some even for centuries, and there are approximately 2000 rural and artisan based clusters⁴⁵.

As geographical boundaries disappear in the virtual marketplace, SMEs are selling 24x7 across the world without any time zone restrictions, and that too with limited investment. Keeping the mentioned factors in mind, SMEs and MSMEs will have a significantly higher share in employment generation.

85% of SMEs using e-commerce believe that it is a cost effective medium to grow sales

43% of SMEs participate in online sales in India

77% of the e-commerce SMEs are listed on online marketplaces

51% SMEs using internet boast of higher revenue, and 49% claim more profits

Source: KPMG Snapdeal report: Impact of e-commerce on SMEs in India

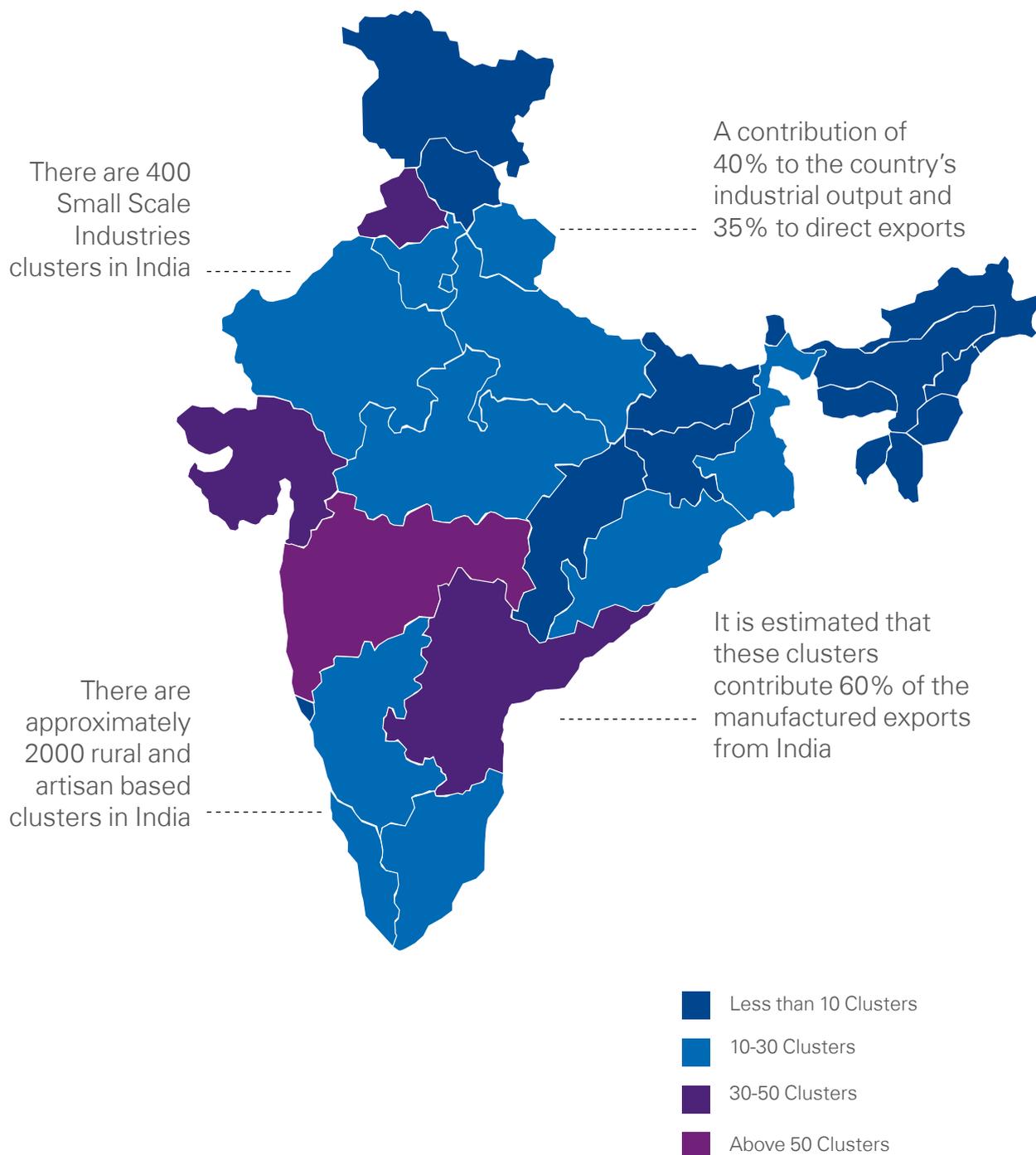
42. <http://gurcharandas.org/forget-the-jetsetting-modiji-just-think-jobs-2016>

43. http://www.business-standard.com/article/companies/b2b-e-commerce-to-touch-rs-45-lakh-cr-by-2020-in-india-115090400770_1.html

44. <http://www.businesstoday.in/magazine/cover-story/e-commerce-online-classified-market-olx-india-vs-quickr/story/218863.html>

45. UNIDO list of SME Clusters in India, <http://www.dcmsme.gov.in/clusters/clus/indsme.htm>

Country wide SMEs being impacted by e-commerce



Other industries promoting employment

In addition to e-commerce companies and allied industries, like logistics, which employ a majority of the e-commerce ecosystem workforce, the contribution made by other players like payment wallets and marketers, is also noteworthy.

The payment wallet segment in India was worth USD 3.2 billion in 2015⁴⁶. With 135 million users, the value of India's mobile wallet transactions will reach USD 11.5 billion in 2020⁴⁶. This segment's growth is positively impacting manpower requirements.

The growth of this segment is further pushed by the announcement of 11 payment bank licenses by the Reserve Bank of India (RBI). This will accelerate further penetration of online payment option users, positively impacting demand of workforce in payment wallet and associated companies. It is expected that more than 1,500 middle and senior level jobs, with salaries going up to INR 1.50 crore, will be up for grabs⁴⁷.

E-commerce players are spending heavily on advertising and marketing, be it TV (biggest share), print, or the digital channel, to gain maximum market share of the 1.32 billion Indian population⁴⁸. And, with the next wave of expansion expected to come from non-urban areas, the focus on advertising will only get strengthened. This increased focus has a ripple effect on the growth of manpower deployed (from marketing agencies to freelancers) and the trend is only expected to accelerate in future.

E-commerce has also uplifted other downstream industries like real estate, services (e.g. housekeeping, catering, and security), and transportation (e.g. cab services, and flight services) etc.



46. http://articles.economictimes.indiatimes.com/2016-01-16/news/69816355_1_paytm-mobikwik-wallet-companies

47. http://articles.economictimes.indiatimes.com/2015-11-06/news/68071641_1_payments-banks-cholaman-dalam-vito-india

48. <http://www.indiaonlinepages.com/population/india-current-population.html>



Socio-economic influence of e-commerce

E-commerce wave of
inclusion



The section explains the benefits that the e-commerce industry offers to the Indian economy and its powerful impact on the society at large, particularly the inclusion of small businesses, small merchants, semi urban, and rural population. We have detailed out the following impact areas:

- Resurgence of traditional art forms: Creating opportunities for artisans and craftsmen
- Impact beyond metros: Employment generation in the interiors of the nation
- E-commerce drives women empowerment: A significant step in the direction of gender equality
- Return of talent: E-commerce triggering the brain gain.

Resurgence of traditional art forms: Creating opportunities for artisans and craftsmen

The state of artisans engaged in the most respected and traditional art forms of the country, is not very encouraging. However, the availability of online trading platforms has emerged as a change agent for these artists and is also re-deeming many dying art forms.

For the numerous traditional handicraft clusters and artisans, e-commerce has led to:

- Extensive reach with access to regional and global markets
- Availability of a platform to sell products directly to the end customer to earn better margins
- Revival of some of the art forms which were under the threat of becoming obsolete
- Creation of capital and possibilities to build and expand further

Many e-commerce players and their initiatives are enabling banarasi weavers; madhubani painters; handloom weavers; chanderi art form; and other multiple art forms. Such initiatives are positively impacting demand, because of which more family members, who were earlier not employed for full time and hence added to disguised unemployment, are now actively contributing to the family business and increasing the overall household income.

By 2018-19, 70% of the sellers are expected to come from smaller towns⁵.



Impact beyond metros: Employment generation in the interiors of the nation

There has been an increase in demand from small towns and rural India in the last couple of years, primarily due to growing smartphone penetration and high aspiration levels. A leading e-commerce player, for example, gets more than 70% of its orders from beyond the top eight metros¹. The e-commerce model has opened up diverse employment opportunities in tier II, tier III, and rural segments.

With ~66 % of the population living in rural areas², employment creation will experience a multifold impact when the industry gathers serious momentum in rural parts of the country.

The leading e-commerce players have signed Memorandum of Understanding (MoUs) with the government to enable reach in the far-flung areas. In terms of infrastructure support, the Ministry of Communications and Information Technology plans to connect e-commerce companies with its 130,000 common service centers (CSCs) in villages. This initiative has the potential to create 300,000 employment opportunities with the development of entrepreneurs, and ancillary industries such as handicrafts and textiles³.

Further, the recent announcement of 100% foreign direct investment in trading of food products, including through e-commerce companies, is expected to provide fresh impetus to 'farm to folk' linkage for farmers and food processing sector. This will allow e-commerce players to bring investment and advancement in post-harvest infrastructure, and a direct reach to farmers to enable them to sell directly to consumers. This will have a significant impact on providing employment opportunity to farmers; transfer of technology and modern agricultural practices; enhancing export opportunities; and providing them remunerative prices for their produce hence enhancing their income⁴.

Shawl maker Mohammad is a Kashmiri who has been able to thrive by selling things like Kashmiri shawls online and side-stepping middlemen.

"Initially, we would get 10 orders in a month and with the passage of time it has increased to 300 per month," says Mohammad.

He has apparently sold INR 50 lakh (\$ 80,000) worth of products in the last five years, ever since he allied himself with an ecommerce site (Kashmir Box), and has even taken on 10 more artisans to meet burgeoning demand for his products which he now sells exclusively through the website

Source: "<http://www.zdnet.com/article/e-commerce-enables-impoverished-indian-artisans-to-become-rupee-millionaires/>"

1. Industry discussions conducted by KPMG in India, March 2016

2. <http://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>

3. http://www.business-standard.com/article/companies/connect-india-ropes-in-cscs-for-e-commerce-delivery-in-rural-parts-115093000267_1.html

4. <http://www.ibef.org/industry/indian-food-industry.aspx>, <http://economictimes.indiatimes.com/news/economy/policy/budget-2016-100-fdi-in-food-retail-will-enrich-farmers-says-harsimrat-kaur-badal/articleshow/51218037.cms>

5. <http://www.pressreader.com/india/the-financial-express/20140915/281565173964654>

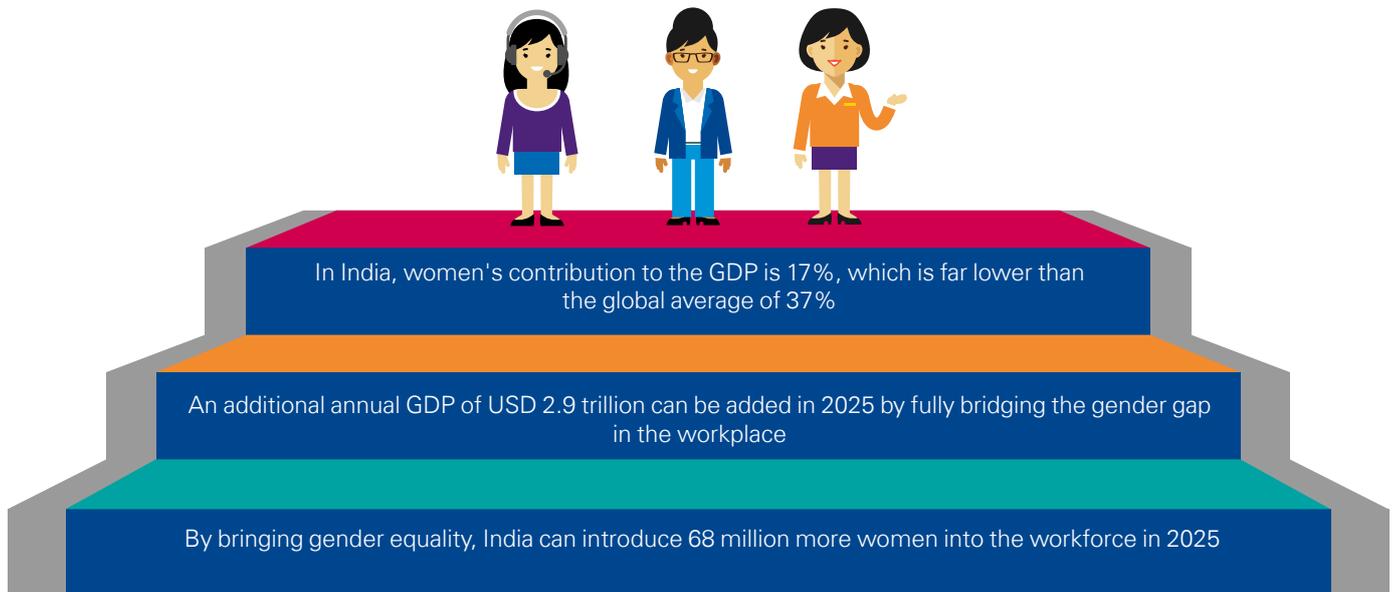
E-commerce drives women empowerment

The e-commerce industry is making an important contribution in the direction of gender equality, by providing women with increasing opportunities to become part of the growing bandwagon.

The nature of employment for women is increasingly changing in more ways than one:

- Thousands of women are gaining financial independence by selling products across categories, such as fashion apparel, home furnishing, jewelry, handicrafts, and health care
- Women are becoming independent sellers, and eventually employers
- Women are able to work from home, which is enabling them to simultaneously meet the demands of the home and their career

A significant step in the direction of gender equality⁶



Source: Mckinsey Global Institute Report: Power Of Parity: How advancing women's equality in India, November 2015

Constituting about 20% of the total online sellers, women are already catalyzing the growth of female workforce⁷

Sundari Das, 22, from Pilkhana in Kolkata and her team of five other women who used to work as housemaids earlier have been selling chikankari embroidery bedsheets, napkins and table covers online for the past two years.

Das, who sells to Malaysian buyers, said she is saving for her girl child. "Education is very expensive. Moving to a bigger and better place can wait, her age and education won't," she said. Each member of the team now earns INR 25,000 a month compared with just INR 3,000 earlier.

Source: <http://epaperbeta.timesofindia.com/Article.aspx?eid=31818&articlexml=Ecomm-Powers-Rise-of-Slumdog-Millionaires-18022016001012>

With the recent launch of an online portal named Mahila-e-Haat, to provide access to markets where thousands of women can display and sell their products all over the country, the Government of India aims to propel a new generation of women towards financial independence. The online marketing portal is expected to benefit around 10,000 self-help groups and 1.25 lakh women in India⁸.



6. Mckinsey Global Institute Report: Power Of Parity: How advancing women's equality in India, November 2015

7. <http://www.businessinsider.in/Here-is-how-eCommerce-is-turning-Indian-women-into-entrepreneurs/article-show/46552472.cms>

8. <http://indiatoday.intoday.in/education/story/mahila-e-haat/1/614617.html>

Return of talent: E-commerce triggering the brain gain

The term 'brain drain' was coined to highlight the emigration of educated and intellectuals from India. However, in recent times, several young professionals, especially executives who are in their 30s have returned to India. One of the key reasons for the return is the growth of e-commerce along with the startup story, aided by

- Exciting opportunities;
- Competitive remuneration; and
- Encouraging government policies

In India, demand for technology and engineering talent among startups has increased by more than 50% in recent times resulting in brain gain⁹.

Another interesting phenomenon observed is that many of those returning are venturing into their own startups, thereby creating further employment opportunities.

Uplifting social enterprises: Empowering the people with disabilities

The e-commerce industry is providing employment opportunities for people with diverse backgrounds and age groups. It is also proving to be a gateway for many disabled people to engage in society, hence creating balanced growth in the true sense.

Mirakle Couriers is one such existing example, which is a courier service in and around the city of Mumbai employing deaf people who constitute 99% of the total staff¹⁰. The organization has ventured into e-commerce deliveries and is looking at this space as a new growth area. It has won many esteemed awards like Helen Keller Award for being a role model employer for people with disabilities and the National Award for the empowerment of people with disabilities by the Indian Government. The industry has a potential to offer multiple roles to people with disabilities e.g. a courier delivery enterprise where delivery boys barely need to interact with customers, or online selling where restricted movement is not a hindrance.

There is at least a 40% increase in the number of people coming back to India to either join as CXOs or start their own companies. This trend will continue at least for a few more years⁹.

Vikram Gupta
 Founder and Managing Partner
 Venture Capital, IvyCap Ventures Advisors

9. <http://economictimes.indiatimes.com/small-biz/startups/the-homecoming-startup-boom-triggers-a-brain-gain/articleshow/51366418.cms>

10. <http://yourstory.com/2014/01/mirakle-couriers-dhruv-lakra/>



Other levers supplementary to employment

Fundamentals of employment –
skills, employment models, and
wages

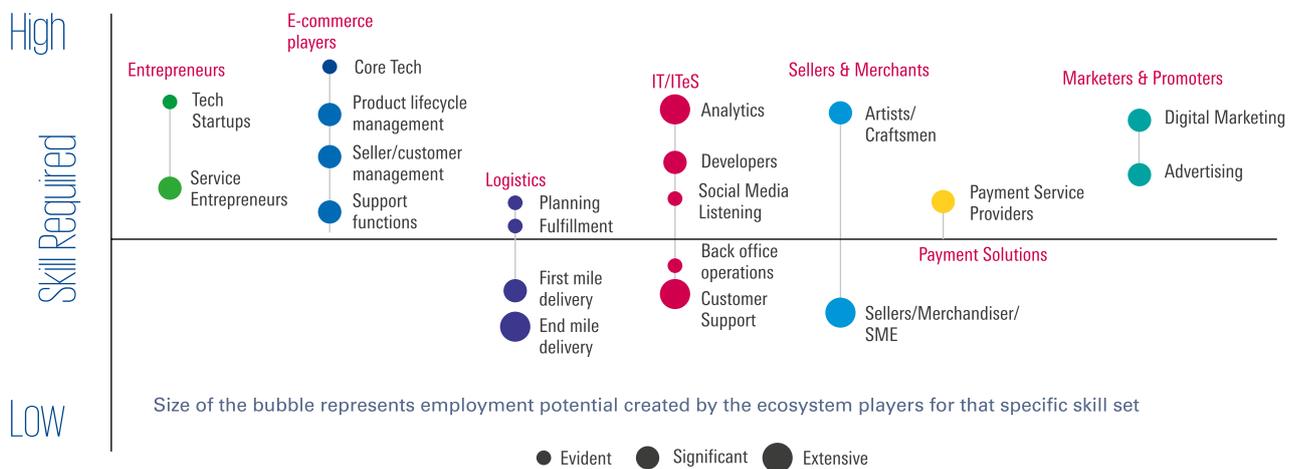


Skill sets and employment models getting redefined

With India facing a skilled workforce crunch (present skilled workforce in India is only 2%)¹, it is crucial to cater to the rising demand of skilled workforce by the e-commerce industry. E-tail will generate requirement for the workforce in large numbers and will prompt the development of e-tail focused curriculums and courses. For example, to create an e-commerce website, people with an understanding of different technology platforms, programming language skills, and software like web analytics, statistical analysis, and Business Intelligence (BI) etc. are required. As the e-commerce industry grows, the demand for skills would also increase.

With accelerated expansion and more organized approach towards some of the allied industries, the demand for trained employees with specific skill set is expected to increase further. KPMG in India has analyzed the level of formal skill training required for various players in the e-commerce ecosystem and the employment potential likely to be generated by these players with the relevant skill set. The result of the analysis is depicted in the figure below.

KPMG in India analysis of skills set classification and impact across the e-commerce ecosystem



Increasing focus on cost and time efficiency has generated interests in exploring varied employment models, e.g. contract, temporary, flexible etc. by the e-commerce sector and the associated industries. Sales, logistics, and customer support are the main areas where temp workers are hired with an average salary range of INR 9,000 to INR 20,000 per month plus performance linked bonuses². Besides temporary employment, e-commerce ecosystem players are also offering options like work from home, and flexi employment (like part time, split time, selected day employment), to retain their exiting employees and align with business requirements.

E-commerce hiring is extremely bullish with the sector alone ready to hire over 8,000 people in the next 3-4 months. The preparation for the holiday season will propel some of the hiring, rest will be from newly funded startups in expansion mode. The upscale is also driven by robust sentiment among consumers and industry. The indicative salary outlook for mid-management is between INR 11 lakh- 23 lakh per annum.



Suchita Dutta
Executive Director
Indian Staffing Federation

1. http://articles.economicstimes.indiatimes.com/2015-02-27/news/59585147_1_national-skill-development-corporation-economic-survey-total-employment
 2. Industry discussions conducted by KPMG in India, March 2016

In sync with the government priorities

Enabling government initiatives



Employment opportunity creation is a direct function of the industry and economic growth. With the recent initiatives launched and announced by government, the e-commerce industry is set to gain the traction and momentum requisite

for fueling further growth which in turn will create more employment opportunities. The following table summarizes the symbiotic relation of these initiatives with e-commerce and what more can be done to raise the overall impact.

Sr. No.	Government initiative launched...	...with an objective	..In sync with e-commerce	...but also require to
1	Make in India	<ul style="list-style-type: none"> To propagate India as a global manufacturing hub To improve ease of doing business in India 	<ul style="list-style-type: none"> E-commerce providing platform to enable and support sellers, SMEs, and MSMEs E-commerce promoting wider reach and opportunities for artists and craftsmen 	<ul style="list-style-type: none"> Invest in R&D for technology advancement Improve labor reforms Advance infrastructure
2	Digital India	<ul style="list-style-type: none"> To digitally empower India To improve digital infrastructure 	<ul style="list-style-type: none"> Improved digital infrastructure, a key enabler for e-commerce Increased visibility of sellers in tier II, III, and rural areas due to a rise in e-commerce penetration in these areas 	<ul style="list-style-type: none"> Innovate wider payment methods Improve delivery system Adopt and replicate Common Service Centers
3	Start up India	<ul style="list-style-type: none"> To build a strong eco-system for nurturing innovation and a startup culture 	<ul style="list-style-type: none"> Simplified process for establishment of a startup to enable more tech startups Provide funding Support Industry-Academia Partnership and Incubation Centers Promote entrepreneurship in the entire e-commerce value chain 	<ul style="list-style-type: none"> Provide incentives on employment created by the startups More initiatives to provide single window operations Strengthen cyber security
4	Skill India	<ul style="list-style-type: none"> To train more than 40 crore people by 2020 	<ul style="list-style-type: none"> E-commerce companies are partnering with various institutes, such as NIELIT (National Institute of Electronics & Information Technology) and NIESBUD (National Institute for Entrepreneurship and Small Business Development) to support skill development of SMEs E-commerce players are also training village level entrepreneurs. These entrepreneurs are helping e-commerce players with packaging and dispatching of online orders E-commerce companies are updating skills of traditional artists and craftsmen for competitive global market 	<ul style="list-style-type: none"> Build required skills by vocational training and skill buildings Set up industry led research Develop industry-oriented curriculum
5	Rurban	<ul style="list-style-type: none"> To set up 300 rural clusters To improve economic, social and infrastructure development in rural areas 	<ul style="list-style-type: none"> Provide a wider reach to e-commerce, creating demand from rural areas Inclusion opportunities in the e-commerce ecosystem, creating employment opportunities in these segments 	<ul style="list-style-type: none"> Provide digital education to rural population Improve physical as well as digital infrastructure

Challenges and the Way Forward

Shaping up the employment
growth story



Amidst the exponential growth numbers, the e-commerce industry is dealing with a number of challenging scenarios like business optimization and sustainability, regulatory changes, investment pressure, growing competition leading to mergers and consolidations, and tussle with offline businesses. The industry is still in flux and will stabilize in due course to create a growing yet steady and sustainable model.

These challenges are ultimately impacting the employment landscape of the industry. Some of the key employment challenges faced by the industry are:

Skill-fit: As the industry matures, the requirement of skilled manpower is increasing. E-commerce players, sellers, SMEs etc. need high-skilled staff for managing operations and managing them efficiently. Lack of training on the industry centric operations and technologies is further hindering skill advancement.

Employee retention: With all e-commerce players fighting for the limited pool of experienced resources, it is becoming increasingly difficult for companies to retain talent. Employees are also leaving, as they struggle with culture misfit, and highly demanding nature of the industry.

Clarity of roles and expectations: Currently there is a lot of excitement around e-commerce jobs. However, with passing time, 'job descriptions' are becoming clearer, which is eventually leading to defining the right fit for employers and employees.

Rationalization of hiring: As the e-commerce industry matures, it has started optimizing its workforce, and is moving away from exponential growth in hiring towards a more sustained one. E-commerce companies' realigned business requirements and revised focus on managing costs is affecting the earlier frenzy around hiring. This may continue to happen till the industry gains stability.

Process automation: The maturity and automation of some of the processes will eventually lead to requirement of lesser workforce to do the same job, hence making some roles redundant.

In order to leverage the e-commerce growth for economic and employment development, it is important that the government, business ecosystem, and education system realize the requirement of change called out by the industry. To improve employment opportunities in the e-commerce ecosystem, following key recommendations have been called out:

Sr.No	Recommended Strategies	Initiatives Proposed	Responsibility
1	Develop digitally sound workforce	<ul style="list-style-type: none"> Create highly skilled human capital Redesign education curriculum and focus on skill development Encourage research and development capacities and capabilities 	
2	Facilitate further participation of SMEs and MSMEs	<ul style="list-style-type: none"> Create awareness among SMEs and MSMEs and develop strategies to increase B2B e-commerce Provide trainings to improve competency and incentives to improve their participation Create a monitoring framework to maximize benefits and minimize exploitation 	
3	Promote entrepreneurship	<ul style="list-style-type: none"> Establish incubation centers to mentor and help entrepreneurs face initial challenges 	
4	Create more demand for e-commerce	<ul style="list-style-type: none"> Improve physical infrastructure and provide high speed network coverage Create more demand by adoption of new technologies like facial recognition, interactive 3D Product Images, and virtual fitting rooms consisting of virtual mirror and virtual wall Improve customer experience and establish easy and secure payment solutions 	
5	Provide an e-commerce promoting business environment	<ul style="list-style-type: none"> Provide a transparent regulatory framework by appointing a regulatory body and creating clear regulatory frameworks for all ecosystem players Provide tax benefits, like exempting service tax for a couple of years; on creation of job opportunities Create a robust financial system by providing access to funds at a lower interest rate and creating a dedicated vertical for e-commerce in banks 	



Closing Thoughts

The e-commerce industry is expected to contribute 4% of GDP by 2020. It is rapidly changing the landscape of allied industries led by changing in consumer trends and lifestyle changes. The industry will prove to be a significant source of employment in the country. There will be significant demand for skills across the digital space. Government spending in skill development and digital infrastructure will give a big boost to the sector. It will be very important for Government to support the e-commerce ecosystem by appropriate regulations for its sustained growth and development.



Sanjay Aggarwal
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About KPMG in India

KPMG in India, a professional services firm, is the Indian member firm affiliated with KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG has offices across India in Chandigarh, Gurgaon, Noida, Ahmedabad, Vadodara, Mumbai, Pune, Bengaluru, Kochi, Chennai, Hyderabad and Kolkata. KPMG in India offers services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focussed and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.



About Snapdeal

Snapdeal's vision is to create India's most reliable and frictionless commerce ecosystem that creates life-changing experiences for buyers and sellers. In February 2010, Kunal Bahl along with Rohit Bansal, started Snapdeal.com - India's largest online marketplace, with the widest assortment of 35 million plus products across 800 plus diverse categories from over 125,000 regional, national, and international brands and retailers. With millions of users and more than 300,000 sellers, Snapdeal is the shopping destination for Internet users across the country, delivering to 6000+ cities and towns in India. In its journey till now, Snapdeal has partnered with several global marquee investors and individuals such as SoftBank, BlackRock, Temasek, Foxconn, Alibaba, eBay Inc., Premji Invest, Intel Capital, Bessemer Venture Partners, Mr. Ratan Tata, among others.

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