

E-COMMERCE IN INDIA- A REVIEW

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ABSTRACT

The E-commerce industry has been directly impacting micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest E-commerce market in the world by 2034. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. The growth in E-commerce sector will also boost employment, increase revenues from export, increase tax collection by exchequers, and provide better products and services to customers in the long-term. Electronic commerce or business is more than just another way to sustain or enhance existing business practices. Rather, e-commerce is a paradigm shift. It is a "disruptive" innovation that is radically changing the traditional way of doing business. Ecommerce is showing tremendous business growth in our country. Increasing internet users have added to its growth. Ecommerce has helped online travel industry in many ways and added a new sales avenue through online retail industry in our country. The present study has been undertaken to describe the present status and facilitators of E-Commerce in India, analyze the present trends of E-Commerce in India.

KEYWORDS: Ecommerce, Increasing internet users, Online retail.

INTRODUCTION

E-Commerce stands for electronic commerce. It means dealing in goods and services through the electronic media and internet. On the internet, it relates to a website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments. Ecommerce or E-business involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). More simply put, E-Commerce is the movement of business onto the World Wide Web.

In now days E-commerce uses the WWW at least some point in transaction lifecycle. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading partners, areas that typically add significant overheads to the cost of products and services. For developing countries like India, ecommerce offers considerable opportunity. In India it is still in nascent stage, but even the most pessimistic projections indicate a boom. There has been a rise in the number of companies' taking up e-commerce in the recent past.

E-commerce has transformed the way business is done in India. The Indian E-commerce market is expected to grow to US\$ 188 billion by 2025 from US\$ 46.2 billion as of 2020. By 2030, it is expected to reach US\$ 350 billion. In 2022, the Indian e-commerce market is predicted to increase by 21.5%, reaching US\$ 74.8 billion. India's e-commerce market is expected to reach US\$ 111 billion by 2024 and US\$ 200 billion by 2026. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. The number of internet connections in 2021 increased significantly to 830 million, driven by the 'Digital India' programme. Out of the total internet connections, ~55% of connections were in urban areas, of which 97% connections were wireless.

2. Objectives of the Study

The objectives of present study are:

1. To describe the present status and facilitators of e-commerce in India
2. To describe major developments and statistics in the Indian e-commerce sector
4. To study about the Market Size of Mobile e-Commerce Sales in the World
5. To analyse the growth of online shopping
6. To analyse why do more people select online shopping

3. Status of E-commerce in India

Today e-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing many number of goods and services. Then there are those, which provide a specific product along with its allied services.

A. Multi Product E-Commerce

Some internet portals provide almost all categories of goods and services in a single site; hence, they are targeting buyers of every possible product/service. The most popular examples are www.indiaplaza.com, www.thebestofindia.com, www.khoj.com, www.sify.com, www.rediff.com, www.indiatimes.com and so on. These Indian e-commerce portals provide goods and services in a variety of categories like; apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, collectibles, software, consumer electronics, household appliances, jewelry, audio/video entertainment goods, gift articles, real estate and services, business and opportunities, employment, travel tickets, matrimony etc.

B. Single Product E-Commerce

Some Indian portals/websites deal in a specialized field, for example

(1) In Automobiles, the portals are <http://www.indiacar.com/> and <http://www.automartindia.com/>, on these sites we can buy and sell four-wheelers and two-wheelers, new as well as used vehicles, online. Some of the services they provide are; car research and reviews, online evaluation, technical specifications, vehicle insurance, vehicle finance, dealer locator etc.

(2) In Stock and Shares Markets some of the sites are <http://www.equitymaster.com/>, <http://www.5paisa.com/>. Some of the services offered to registered members are; Online buying/dealing of stocks and shares, market analysis and research, company information, comparison of companies, research on equity and mutual funds, tracking market trends etc.

(3) In Real Estate, the portals like <http://www.indiaproperties.com/> facilitate online dealing in real estate. They offer either outright purchase or lease of a property through their portal. They provide information on new properties as well as for resale. One can deal directly with developers/builders or through consultant/brokers. Some of the allied services are housing finance, insurance companies, architects & interior designers, property management consultant services etc.

(4) In Travel and Tourism industry, India has a rich history and heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. A major Government of India portal, <http://www.tourisminindia.com/> has a vast variety of information for a potential tourist. The tourist destination sites are categorized according to themes like: eco-themes pertains to jungles, flora and fauna, beaches of India, architectural attractions, forts and places, hill resorts, adventure-trekking, mountain climbing etc. Allied services offered are passport and visa, travel & accommodation information, weather information, festival & fair dates, shopping, tour operators and more. There are also sites that highlight the tourist destinations of a specific region in India, like <http://www.incredibleindia.org/>, which covers North East India.

(5) In Gift Items: In the bygone days, one had to plan what to gift a loved one, trudge across to your favorite shop, and browse for hours before purchasing a gift. Today there are specific Indian websites making the act of gifting quick and easy to suit ones lifestyle. One such site is <http://www.indiangiftsportal.com/>. The gifts are categorized as collectibles like paintings and sculptures, toys & games, chocolates, flowers, wood-craft & metal craft, luxury items like leather goods, perfumes, jewelry boxes, etc.

(6) Hobbies: The most popular hobbies from time immemorial are reading, music and films. On the India website <http://www.firstandsecond.com/> one can buy more than 300000 titles of books, cassettes, VCDs and DVDs. The books cover a wide range of topics like business, art, cookery, engineering, children's stories, health, medicine etc. As for music and videos, they are available in English as well as in Indian languages to cater to the varied tastes and the topics range from devotional songs, old-time favorites and retro and jazz to the latest pop, rap etc.

(7) Matrimony: It is said that marriage is made in heaven, but in the world of e-commerce they are made on marriage portals like <http://www.jeevansathi.com/> and <http://saadi.com/>. One can search for a suitable match on the websites by region of residence (India or abroad), religion or caste. Once registered with them, they have e-mail facility and chat rooms too, so that the couple gets to know more about each other before making the biggest decision of their lives. Allied services for registered are astrological services, information on customs and rituals, legal issues, health and beauty etc.

(8) In the field of employment two major portals like www.monsterindia.com and www.naukri.com are instrumental in providing job seekers with suitable employment at the click of a mouse. They have directories categorized under headings employers and job-seekers. The service for job seekers is free and for employment they charge a nominal fee. Jobs are available online in fields, ranging from secretarial to software development, and from real estate to education.

4. Facilitators of E-Commerce in India

A. Information directories: Portals like <http://www.trade-india.com/> and <http://trade.indiamart.com/> maintain directories giving trade details on almost any topic, whether it is from apparel to toys, from gems to heavy machinery, or

form food to employment. The products and services are listed with appropriate sub-headings to make it easy for a serious information-seeker to find what he wants. Some other similar sites are <http://www.indiagrid.com/>, <http://indiainfo.com/> and <http://indiatimes.com/>. Allied services provided by them are message boards, chat rooms, forums, etc.

B. Banks:

1) Net banking/phone banking: This is an online banking facility available for savings account holders as well as current account holders. Some of the special Net banking services are: Demat accounts for sale/purchase of stocks and shares, Foreign Exchange services, Direct/Instant payment of bills on the account-holder's behalf, Financial Planning etc.

2) Credit/Debit Cards- Banks facilitate E-commerce by providing the most vital trade instrument, namely the Credit or Debit Card, without which E-commerce would be impossible. Some of the major Indian players in these fields are: <http://www.hdfcbank.com/>, <http://www.icicibank.com/> and <http://www.statebankofindia.com>.

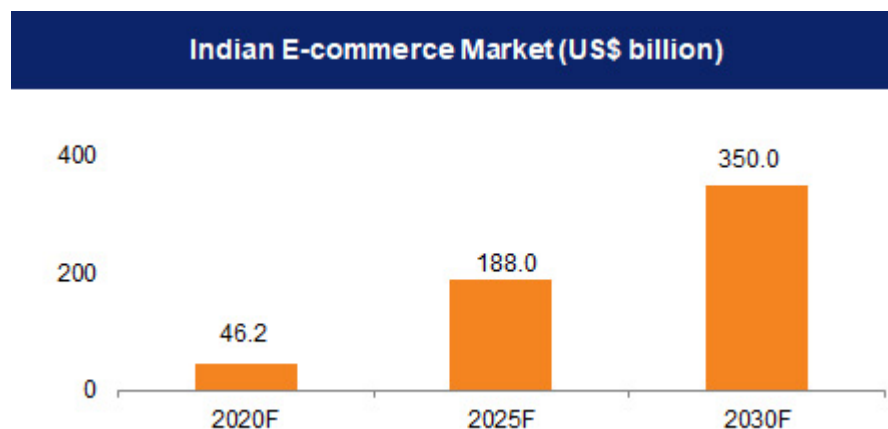
5. Presents Trends of E-Commerce in India

India is developing rapidly and if development is to be measured, how can we ignore the role of ecommerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith; it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics,

The Indian online grocery market is estimated to reach US\$ 26.93billion in 2027 from US\$ 3.95 billion in FY21, expanding at a CAGR of 33%. India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030, growing from US\$ 537.5 billion in 2020, driven by strong adoption of online services such as e-commerce and edtech in the country.

According to Grant Thornton, e-commerce in India is expected to be worth US\$ 188 billion by 2025.

With a turnover of \$50 billion in 2020, India became the eighth-largest market for e-commerce, trailing France and a position ahead of Canada.



Propelled by rising smartphone penetration, launch of 4G network and increasing consumer wealth, the Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017.

Indian Banks too have been very successful in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, Global TRUST BANK AND UTI-Bank also have put their electronic banking over the internet facilities in place for the upcoming e-commerce market. Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

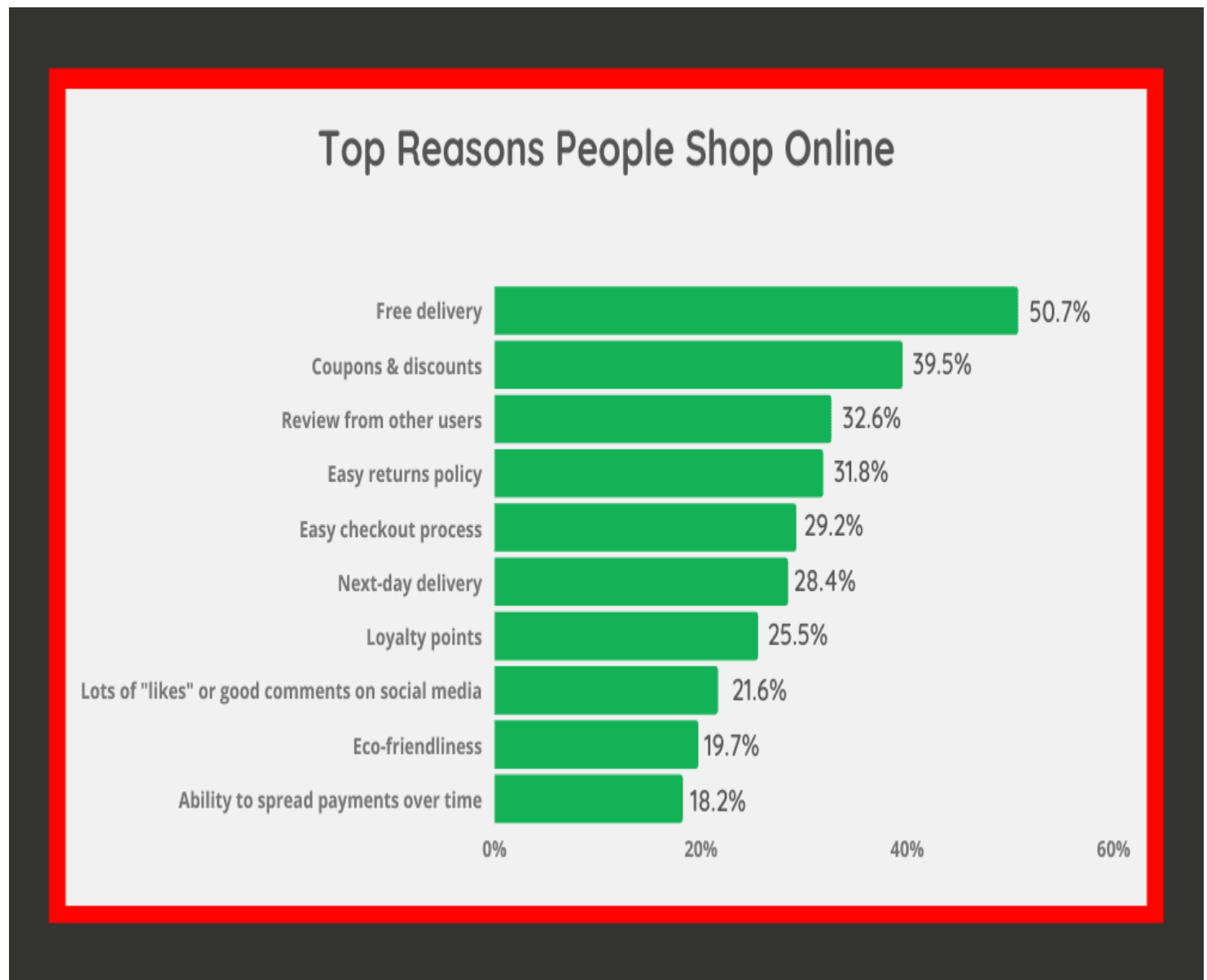
6. How Many People Shop Online?



In 2021, there were 2.14 billion digital buyers. That makes 27.6% of the 7.74 billion people in the world. The number of online shoppers has been growing over the past few years.

In 2020, there were 2.05 billion online shoppers while in 2020 this number increased to 2.14 billion —a 4.4% year-over-year increase. This number isn't only rising rapidly but also over the years is expected to continue doing so.

7. Why Do more People Shop Online?



The main reason of people shop online is the free shipping option offered by eCommerce stores. More than half (**50.7%**) of consumers list it as one of the main reasons they shop online. Other key reasons include the ability to use coupons and apply discounts (**41%**), read other customers' reviews (**35%**), easily return their items (**33%**), and have a quick checkout process (**30%**).

8. E-Commerce Sites

There are over 26 million eCommerce sites across the entire globe, with more and more being created every single day. According to our [latest research](#), there are currently more than 26 million eCommerce sites worldwide.

Year	Stores	YoY Growth
2022	26.2 million	39%
2021	19.8 million	204%
2020	9.7 million	5.4%
2019	9.2 million	—

In **2021** and **2022**, the growth of eCommerce sites in the world experienced just an incredible explosion. In **2021** alone, due to the COVID-19 pandemic, the number of eCommerce sites in the world has doubled (**204%** YoY growth).

If by **2020** there were only **9.7** million eCommerce sites in the world, in 2021, it has already counted more than **19.8 million sites**. This means that the number of eCommerce sites in the world has doubled in 2021 alone.

9. Government Initiatives

Since 2014, the Government of India has announced various initiatives, namely Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support growth of E-commerce in the country. Some of the major initiatives taken by the Government to promote E-commerce in India are as follows:

- As of February 15, 2022, the Government e-Marketplace (GeM) portal served 9.04 million orders worth Rs. 193,265 crore (US\$ 25.65 billion) to 58,058 buyers from 3.79 million registered sellers and service providers.
- As of November 2, 2021, the Government e-Marketplace (GeM) portal served 7.96 million orders worth Rs. 152,315 crore (US\$ 20.40 billion) to 55,433 buyers from 3.06 million registered sellers and service providers.
- As of October 11, 2021, the Government e-Marketplace (GeM) portal served 7.78 million orders worth Rs. 145,583 crore (US\$ 19.29 billion) to 54,962 buyers from 2.92 million registered sellers and service providers.
- In a bid to systematise the onboarding process of retailers on e-commerce platforms, the Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly planning to utilise the Open Network for Digital Commerce (ONDC) to set protocols for cataloguing, vendor discovery and price discovery. The department aims to provide equal opportunities to all marketplace players to make optimum use of the e-commerce ecosystem in the larger interest of the country and its citizen.
- National Retail Policy: The government had identified five areas in its proposed national retail policy—ease of doing business, rationalisation of the licence process, digitisation of retail, focus on reforms and an open network for digital commerce—stating that offline retail and e-commerce need to be administered in an integral manner.
- The Consumer Protection (e-commerce) Rules 2020 notified by the Consumer Affairs Ministry in July directed e-commerce companies to display the country of origin alongside the product listings. In addition, the companies will also have to reveal parameters that go behind determining product listings on their platforms.
- Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.
- Under the Digital India movement, Government launched various initiatives like Umang, Start-up India Portal, Bharat Interface for Money (BHIM) etc. to boost digitisation.

- In October 2020, Minister of Commerce and Industry, Mr. Piyush Goyal invited start-ups to register at public procurement portal, GeM, and offer goods and services to government organisations and PSUs.
- In October 2020, amending the equalisation levy rules of 2016, the government mandated foreign companies operating e-commerce platforms in India to have permanent account numbers (PAN). It imposed a 2% tax in the FY21 budget on the sale of goods or delivery of services through a non-resident ecommerce operator.
- In order to increase the participation of foreign players in E-commerce, Indian Government hiked the limit of FDI in E-commerce marketplace model to up to 100% (in B2B models).
- Heavy investment made by the Government in rolling out fiber network for 5G will help boost E-commerce in India.

10. E- Commerce Statistics

Here are the most important statistics on e-Commerce you need to know:

- There are over **26 million** eCommerce sites across the entire globe, with more and more being created every single day.
- There are more than **9.5 million** eCommerce sites in the US alone, with more and more being created every single day.
- In 2021, retail e-commerce sales amounted to approximately **4.9 trillion** U.S. dollars worldwide.
- Mobile e-commerce sales reached **\$3.56 trillion** in 2021, an increase of **15.2%** over the previous year.
- In 2021, there were **2.14 billion** digital buyers. That makes **27.6%** of the **7.74 billion** people in the world.
- The **#1** reason people shop online is the free shipping option offered by eCommerce stores.
- The top **10** largest eCommerce markets in the world are:
 - China: **\$2,779 billion**
 - USA: **\$843 billion**
 - United Kingdom: **\$169 billion**
 - Japan: **\$144 billion**
 - South Korea: **\$121 billion**
 - Germany: **\$102 billion**
 - France: **\$80 billion**
 - India: **\$68 billion**
 - Canada: **\$44 billion**
 - Spain: **\$37 billion**
- Average conversion rates across eCommerce businesses were at **1.53%**.
- **69.57%** of shopping carts are abandoned.
- High extra costs are the **#1** reason shoppers abandon carts.
- Shopify is the **#1** most popular eCommerce site-building technology taking more than **15%** of the market share with almost **4 million** sites using it.

11. Developments

Some of the major developments in the Indian e-commerce sector are as follows:

- India's ecommerce sector received US\$ 15 billion of PE/VC investments in 2021 which is a 5.4 times increase year on year. This is the highest investment value received by any sector ever in India.
- In February 2022, Xpressbees became a unicorn with a US\$ 1.2 billion valuation after raising US\$ 300 million in its Series F funding.
- In February 2022, Amazon India launched One district One product (ODOP) bazaar on its platform to support MSMEs.
- In February 2022, Flipkart launched the "sell back program" to enable trade in smartphones.
- In January 2022, Walmart invites Indian sellers to join its US market place with an aim of exporting US\$ 10 billion from India each year by 2027.
- In January 2022, Flipkart has announced expansion in its grocery services and will offer services to 1,800 Indian cities.
- In November 2021, XPDEL US- based ecommerce announced expansion in India.
- In September 2021, CARS24, India's leading used car e-commerce platform, has raised US\$ 450 million in funding, comprising a US\$ 340 million Series F equity round and US\$ 110 million in debt from various financial institutions. In September 2021, Amazon launched Prime Video Channels in India. Prime Video Channels will give Prime members a seamless experience and access to a variety of popular video streaming services.
- In September 2021, Bikayi, a mobile commerce enabler, raised US\$ 10.8 million in a Series A funding round, led by Sequoia Capital India.
- Flipkart, India's e-commerce powerhouse, announced in July 2021 that it has raised US\$ 3.6 billion in new funding from various sources including sovereign funds, private equities and Walmart (parent company).
- In June 2021, Flipkart added a new fulfilment centre (FC) in Dankuni, West Bengal. The FC is spread over 2.2 lakh sq. ft. and has a potential to create ~3,500 direct jobs.
- In June 2021, Grofers, the grocery delivery start-up, reportedly entered the unicorn club, after raising US\$ 120 million from Zomato, the food delivery platform.
- In June 2021, Mastercard invested an undisclosed amount in Instamojo, a payments firm, to help digitise online stores and process their payments more seamlessly.
- In May 2021, Amazon introduced a video streaming service within its shopping app called MiniTV for users in India. MiniTV features web series, comedy shows and content on tech news, food, beauty and fashion.

- In May 2021, Flipkart strengthened its grocery infrastructure to cater to customer safety and demand across India. In this quarter, it is planning to further expand its fulfilment centre capacity for grocery by over 8 lakh square feet across Delhi, Kolkata, Chennai, Coimbatore and Hyderabad..
- In May 2021, Flipkart announced that it is in talks with sovereign funds, private equity majors and other investors to raise up to US\$ 2 billion at a valuation of US\$ 30 billion.
- In April 2021, Flipkart announced a commercial alliance with Adani Group to improve the company's logistics and data centre capabilities and create about 2,500 direct jobs.
- In April 2021, Flipkart announced to acquire Cleartrip, an online travel technology firm. Flipkart announced to purchase 100% shareholding of Cleartrip as the company expands its investments to broaden its digital commerce offerings for customers.
- In April 2021, Kirana commerce platform ElasticRun raised US\$ 75 million in a round led by existing investors—Avataar Venture Partners and Prosus Ventures.
- In March 2021, Amazon acquired Bengaluru-based retail tech start-up Perpule for Rs. 107.6 crore (US\$ 14.5 million).
- In March 2021, Purpille, an online beauty store, raised US\$ 45 million from Sequoia Capital India, Verlinvest, Blume Ventures and JSW Ventures.
- In March 2021, Captain Fresh, a B2B marketplace for seafood, raised US\$ 3 million in seed capital led by Matrix Partners India and Ankur Capital.

In March 2021, the Confederation of All India Traders (CAIT), which represents 80 million traders and 40,000 trader associations, announced the launch of a mobile app for its e-commerce portal

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