



E-Commerce

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Abstract:

A study has been conducted on the changing environment in e-commerce, which provides information about the future direction of e-commerce in India. According to this information, the progress of e-commerce in India in recent years, the current situation, and future predictions have been made. The article below describes India's growing need for future e-commerce and the steps taken by India for this purpose, based on statistics.

The article below also discusses how the concept of E-commerce affects industries in rural India. Considering the changing policies, assumptions, and political situation in India, the importance of the E-commerce sector is evident. And for this, the future plans and economic situation in India have been described in detail, taking into account the concept of E-commerce.

Introduction:

E-commerce actually goes back to the 1960s, when companies used an electronic system called the Electronic Data Interchange to facilitate the transfer of documents. It wasn't until 1994 that the very first transaction took place. This involved the sale of a CD between friends through an online retail website called Net Market. The industry has evolved rapidly since then, with companies like Alibaba and Amazon becoming household names around the world. The introduction of free shipping, which, at least on the surface, reduces costs for consumers, has also helped increase the popularity of the e-commerce industry. E-commerce (electronic commerce) refers to commercial activities including the electronic buying or selling products and services which are conducted on online platforms or over the Internet. E-commerce is when individuals and companies buy or sell goods and services over the internet. Ecommerce can happen through a website, smartphone app, social media platform, online marketplace, or other sales platform.

E-commerce is also known as e-commerce or electronic commerce, and is often used to refer to the wide range of tasks involved in selling online, from running digital ads to transferring payment data over a network.

As noted above, e-commerce is the process of buying and selling products and services online. But it involves more than simply a buyer and a seller, relying on a vast, often invisible, infrastructure to keep it running. E-commerce has helped companies (especially those with a narrow reach, like small, local businesses) gain access to a wider market by providing cheaper and more efficient sales and distribution channels for their products or services.

Study Area:

The study area of e-commerce sector in the entire region of India. In a developing country like India, e-commerce will create various opportunities. Also, the role of e-commerce in India, which has a large population, is also very important, so the study area has been selected as the entire

India.

Review of Literature:

1. **Alshweesh et al. (2022)** in their research conducted in Jordan claimed that financial technology allows customer access to services and products through e-commerce, and that employing financial technology through e-commerce contributes to improved business development since it delivers creative financial technology technical solutions.
2. **Halim et al. (2022)** conducted qualitative research to assess how COVID-19 altered customer behaviour and how it is influencing e-commerce trends. The report highlights the different issues that e-commerce experienced during this time period, such as longer delivery durations, movement control obstacles, social distancing, and lockdown. Furthermore, the report claims that individuals went to technology due to coronavirus because they had no other choice.
3. **Gupta et al. (2016)** stated based on study in Delhi NCR and Mumbai that the pricing of goods, the dependability of the e-commerce organization, and the return policies all play an equal influence in determining online customers' purchasing behaviour, also, e-customers did not favor all of the e-commerce websites equally, some websites like Amazon, Alibaba, Flipkart, etc., are among the most popular among customers than other e-commerce websites.
4. **Khaled et al. (2020)** they conducted their study in Aurangabad, Banaras, Aligarh and Delhi NCR. From a retail standpoint, they investigated and found in their study that consumer loyalty did not prompt clients' reliability goals.

Material and Methods:

India's e-commerce market is set to reach US\$ 325 billion by 2030, fuelled by 500 million shoppers and increased internet access, especially in rural areas. By 2026, over 1.18 billion people are expected to have smart phones, enhancing digital transactions. Rural areas will drive over 60% of demand, particularly from tier 2-4 towns. The Indian online grocery market is estimated to reach US\$ 26.93 billion in 2027 from US\$ 3.95 billion in fiscal year 2021. E-commerce sales are expected to increase between 2021 and 2025 to reach Rs. 8.8 lakh crore (US\$ 120.1 billion). Indian e-commerce is expected to grow at a compound annual growth rate (CAGR) of 27% to reach US\$ 163 billion by 2026. India's e-commerce platforms achieved a significant milestone, hitting a GMV of US\$ 60 billion in fiscal year 2023, marking a 22% increase from the previous year.

The e-commerce industry in India demonstrated remarkable resilience and diversification in fiscal year 2023, recording a robust 26.2% jump in order volumes. This growth was primarily driven by a 31.1% surge in demand from tier-1 cities, as work-from-office arrangements resumed following the pandemic-induced disruptions. India's Business-to-Business (B2B) online marketplace would be a US\$ 200 billion opportunity by 2030. The B2C E-commerce is expected to grow steadily over the forecast period, recording a CAGR of 8.68% during 2023-27. According to a recent report by RedSeer, India's e-B2B market is projected to reach a GMV of US\$ 100 billion by 2030.

India's booming e-commerce market is driven by affordable smartphones and low-cost data plans, leading major retail, and consumer goods makers to increase their investments in the online space. Government e-Marketplace is an online platform for public procurement in India that was launched on August 9, 2016, by the

Ministry of Commerce and Industry with the objective of creating an inclusive, efficient, and transparent platform for the buyers and sellers to carry out procurement activities in a fair and competitive manner. Through automation and digitization of processes, GeM has led to higher process efficiencies, better information sharing, improved transparency, reduced process cycle times, and a higher level of trust among bidders, which in turn have resulted in greater competition and higher savings. The Government e-Marketplace (GeM) platform's Gross Merchandise Value (GMV) doubled in FY24 to cross the Rs. 4 Lakh crore (US\$ 47.96 billion) mark, driven by a 205% surge in the procurement of services, which accounted for nearly 50% of the total GMV. The India Quick E-Commerce (Quick Commerce) market is poised for exponential growth, projected to reach US\$ 19,932.5 million driven by rising internet and smartphone penetration, convenience of quick delivery, and accelerated adoption during COVID-19, with diverse product categories and order value segments catering to evolving consumer preferences, and the domination of metropolitan cities presenting significant opportunities for retailers and key players to capitalize on the rapidly expanding market.

India's internet economy is expected to register six-fold growth and touch US\$ 1 trillion by 2030, driven by the e-commerce vertical, from US\$ 155-175 billion in 2022. As of December 2023, India has around 936.16 million internet subscribers, including about 350 million mature online users actively engaging in transactions. India's e-retail market is projected to exceed US\$ 160 billion by 2028, driven by strong post-pandemic growth and significant potential for expansion, as online spending currently represents only 5-6% of total retail spending compared to much higher rates in the US and China. A total of US\$ 33.4 billion in private equity and venture capital

investments have been made in the online e-commerce sector over the years, according to a report. India has gained 125 million online shoppers in the past three years, with another 80 million expected to join by 2025, according to a report by Kantar. India has the opportunity to significantly increase its share in the global B2C e-commerce market, which is projected to reach US\$ 8 trillion by 2030. With current e-commerce exports at US\$ 2 billion, there is substantial room for growth, particularly in high-demand products. The Government of India's policies and regulatory frameworks such as 100% Foreign Direct Investment (FDI) in B2B E-commerce and 100% FDI under automatic route under the marketplace model of B2C E-commerce are expected to further propel growth in the sector. As per the new FDI policy, online entities through foreign investment cannot offer the products which are sold by retailers in which they hold an equity stake.

Through its Digital India campaign, the Government of India is aiming to create a trillion-dollar online economy by 2025. It has formed a new steering committee that will look after the development of a government-based e-commerce platform. The new committee, set up by the Commerce Ministry, will provide oversight on the policy for the Open Network for Digital Commerce (ONDC), which is an e-commerce platform that the government is backing for development. The ONDC will serve as the infrastructure for setting up the final storefront, which will be similar to Flipkart and Amazon.

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 the 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:

- The Government e-Marketplace (GeM) platform's Gross Merchandise Value (GMV) doubled in FY24 to cross the Rs. 4 Lakh Crore (US\$ 47.96 billion) mark, driven by a 205% surge in the procurement of services, which accounted for nearly 50% of the total GMV.
- As of March 2024, the GeM portal served 5.8 million orders worth Rs. 3,87,006 crore (US\$ 46.67 billion) with 148,245 primary buyers and 215,743 secondary buyers.
- On February 14, 2024, the Ministry of Defence (MoD) announced that procurement through the Government e-Market (GeM) portal has exceeded Rs. 1 lakh crore (US\$ 12.06 billion), with nearly half of the transactions occurring in the current fiscal year. GeM, launched in 2016, facilitates online purchases for central government ministries. MoD has executed over 5.47 lakh orders, with approximately Rs. 45,800 crore (US\$ 5.52 billion) awarded this fiscal year. Notably, 50.7% of orders, totalling Rs. 60,593 crore (US\$ 7.31 billion) have been awarded to Micro and Small Enterprises (MSEs). GeM has emerged as a pivotal platform for optimizing public spending in the Defence sector, with the Ministry showcasing a resolute commitment towards efficient procurement practices.

From the towering skyscrapers of financial districts to the bustling markets of local bazaars, India's fervour for digital innovation knows no bounds. With over 800 million internet users and counting, India stands tall as one of the world's largest and fastest-growing digital markets, fuelled by a relentless drive for connectivity, convenience, and choice. In fact, with the current rate of adoption, India's e-commerce

growth projections are expected to rise steadily at 20-22% growth rate leading to a USD 200-230 Billion opportunity by 2030. India has gained 125 million online shoppers in the past three years, with another 80 million expected to join by 2025, according to a report by Kantar.

The Indian e-commerce sector is likely to expand in different markets. India's e-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 lakh crore (US\$ 25.75 billion) in FY20. Over the next five years, the Indian e-retail industry is projected to exceed ~300-350 million shoppers, propelling the online Gross Merchandise Value (GMV) to US\$ 100-120 billion by 2025. According to Bain & Company report, India's social commerce Gross Merchandise Value (GMV) stood at ~US\$ 2 billion in 2020. By 2025, it is expected to reach US\$ 20 billion, with a potentially monumental jump to US\$ 70 billion by 2030, owing to high mobile usage.

Conclusion:

India's e-commerce market was valued at approximately US\$ 67 billion in 2021 and is expected to reach nearly US\$ 123 billion by 2024 and US\$ 325 billion by 2030, delivering a CAGR of 25.3%. This growth has been driven by growing mobile and internet penetration and the rising popularity of online shopping across demographic segments. E-commerce in India began gaining traction in the early 2000s, but it was not until the 2010s, with increased smartphone usage and better internet connectivity, that the industry grew. During this period, e-commerce giants like Flipkart and Snapdeal capitalised on India's young, tech-savvy urban population, offering goods ranging from electronics to apparel. The entrance of Amazon in 2013 intensified competition and spurred the development of a customer-centric

ecosystem, with companies investing heavily in logistics and technology to improve delivery speed, product variety and user experience. Recently, the focus has shifted toward inclusivity and localisation. e-commerce platforms now offer interfaces in regional languages, have partnerships with local stores, and use AI-driven algorithms to tailor recommendations for diverse audiences. The COVID-19 pandemic accelerated these trends as lockdowns increased online shopping demand across urban and rural areas. These trends resulted in an e-commerce landscape that caters to a broad demographic, including a large segment of rural consumers.

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