



## The emergence of E-commerce in India

**Km Prachi**

Research Scholar

Department of Economics

Ewing Christian College

[University of Allahabad]

**Vivek Kumar Nigam**

Associate Professor

Department of Economics

Ewing Christian College

[University of Allahabad]

### Abstract-

E-commerce is the exchange of goods and services through the internet. In this paper, we discuss the driving forces behind India's e-commerce industry's expansion. My research technique relies on secondary sources like articles, journals, reports, papers, blogs, and conference proceedings. E-commerce is one of the fastest-growing industries, and India has a sizable investment market. Since last year, there has been a significant increase in investment, and more are anticipated in the years to come. Both in urban and rural cities, the e-commerce industry has been made easier by the quick increase in mobile and internet users.

**Keywords:** E-commerce evolution in India, Digital penetration in India

### Introduction-

India has experienced a digital revolution in recent years. Due to our large population, more than half of the people in the country now have access to internet-enabled devices, which results in a user base of more than 500 million individuals. These incredible figures have turned India into a hub for internet-based firms, with the e-commerce sector benefiting the most. According to a survey by the India Brand Equity Foundation (IBEF), the country's e-commerce sector is about to produce more than \$100 billion in revenue by the year 2020. This wasn't always the case, though, with Indian web firms.

This has helped India's digital economy, which is expected to expand to a value of \$1 trillion in US dollars by the year 2030. India's rapidly expanding e-commerce industry has benefited from the country's increasing wealth, rapid

growth in internet users, and pervasive smartphone use. The market has grown quickly as a result of all three of these factors. The expansion of India's e-commerce market has made it possible to access a number of previously inaccessible market niches. Business-to-business (B2B), direct-to-consumer (D2C), consumer-to-consumer (C2C), and consumer-to-business (C2B) are some of these segments (C2B).

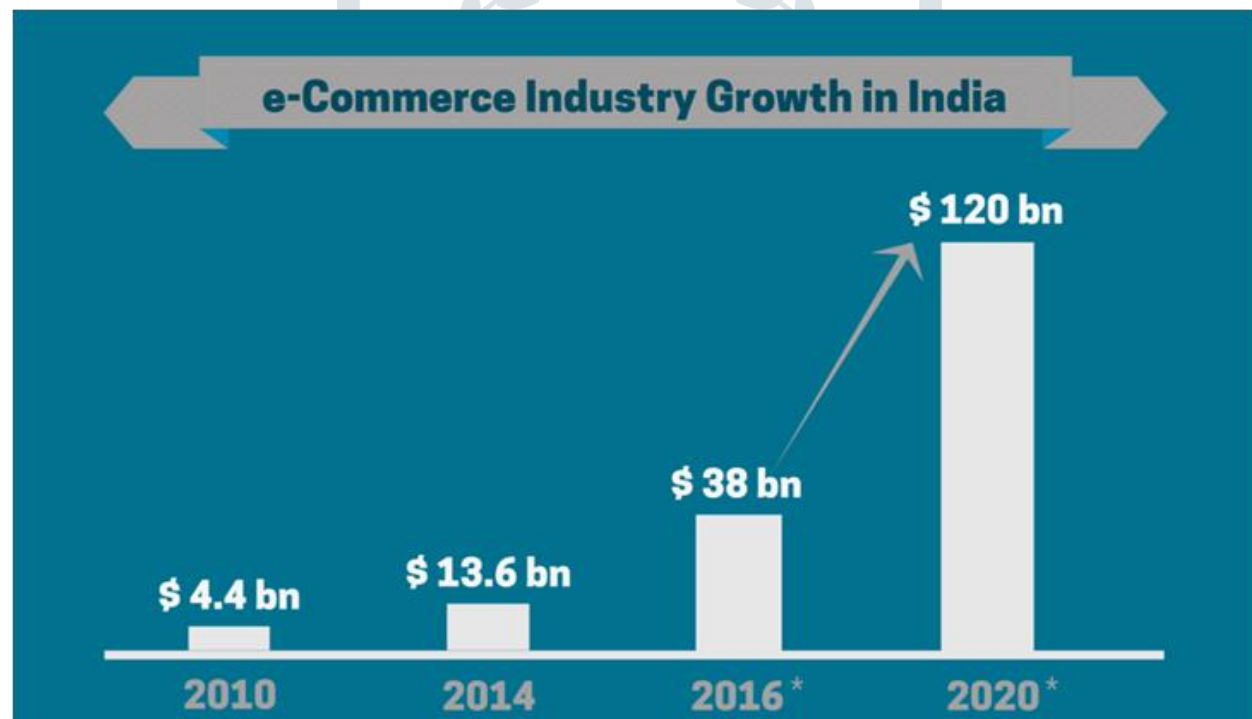
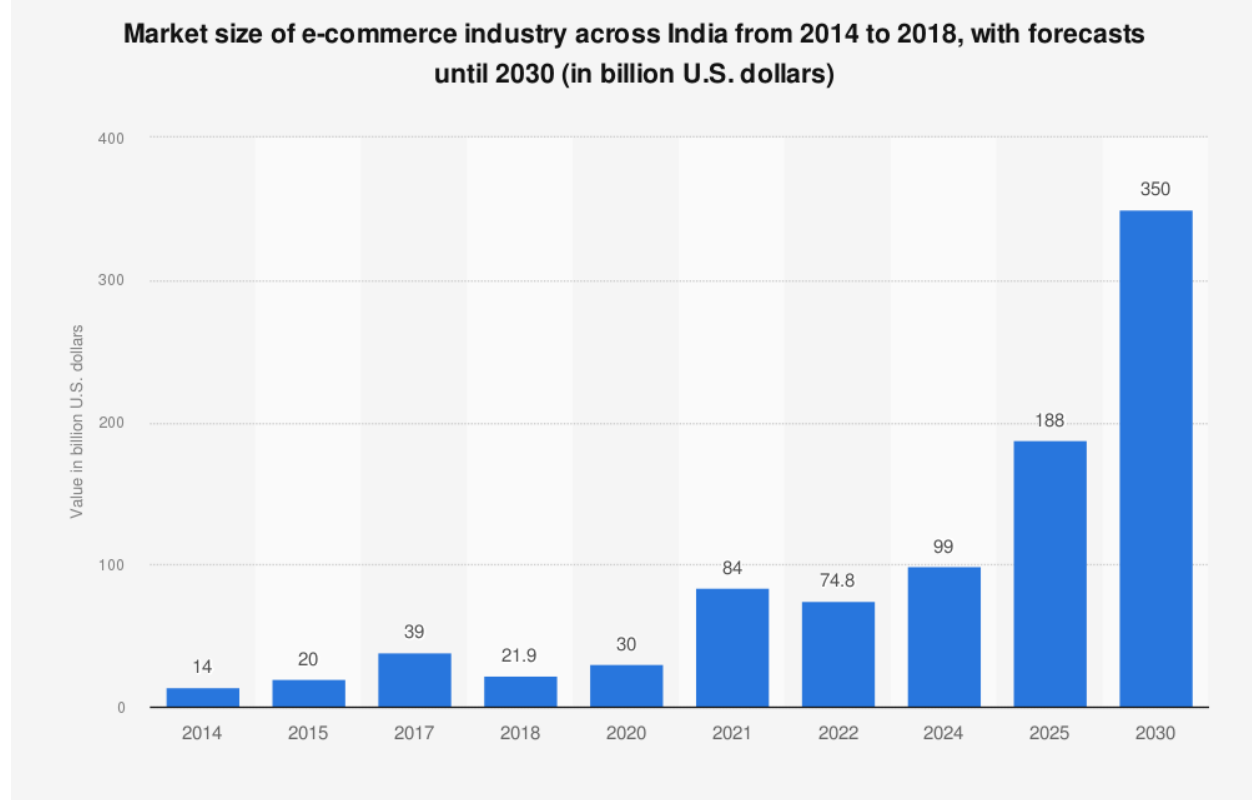
The objective of the study-

- To study the present status of e-commerce in the Indian economy.
- To study the importance and contribution of e-commerce.
- To understand the challenges of e-commerce in India

#### Analysis of data-

India has experienced a sharp rise in the number of individuals utilizing mobile devices and the internet. In 2021, there will be 830 million internet connections worldwide as a direct result of the "Digital India" program. In metropolitan areas, which made up 55% of the total, the number of persons using the internet wirelessly grew to 97%. Moreover, the number of smartphones has significantly increased; by 2026, one billion of these devices are expected to be in use.

| Categories                                         |                           |
|----------------------------------------------------|---------------------------|
| Total population of the country as of January 2023 | <b>1.4 billion</b>        |
| Digital Population of as January 2023              | <b>692.0 million</b>      |
| Active E-commerce penetration in India             | <b>57.6%</b>              |
| E-commerce share in India                          | <b>\$60 billion [ 7%]</b> |
| Estimated Internet Users by 2025                   | 900 million               |



### Evolution of e-commerce in India-

The idea of electronic commerce initially emerged in 1991, before India had access to the Internet. But, by the late 1990s, a growing number of people were aware of the Internet and learned that it could be used for commerce.

It was still a luxury for the majority of Indians until a few years ago. When the IRCTC introduced an online reservation system in 2002, the general population began to view the Internet as a valuable tool. Consumers learned about the world's largest retailer, Amazon, and this signaled the beginning of e-commerce in India. One of the significant businesses that made a significant contribution to the local e-commerce behemoth was Flipkart.

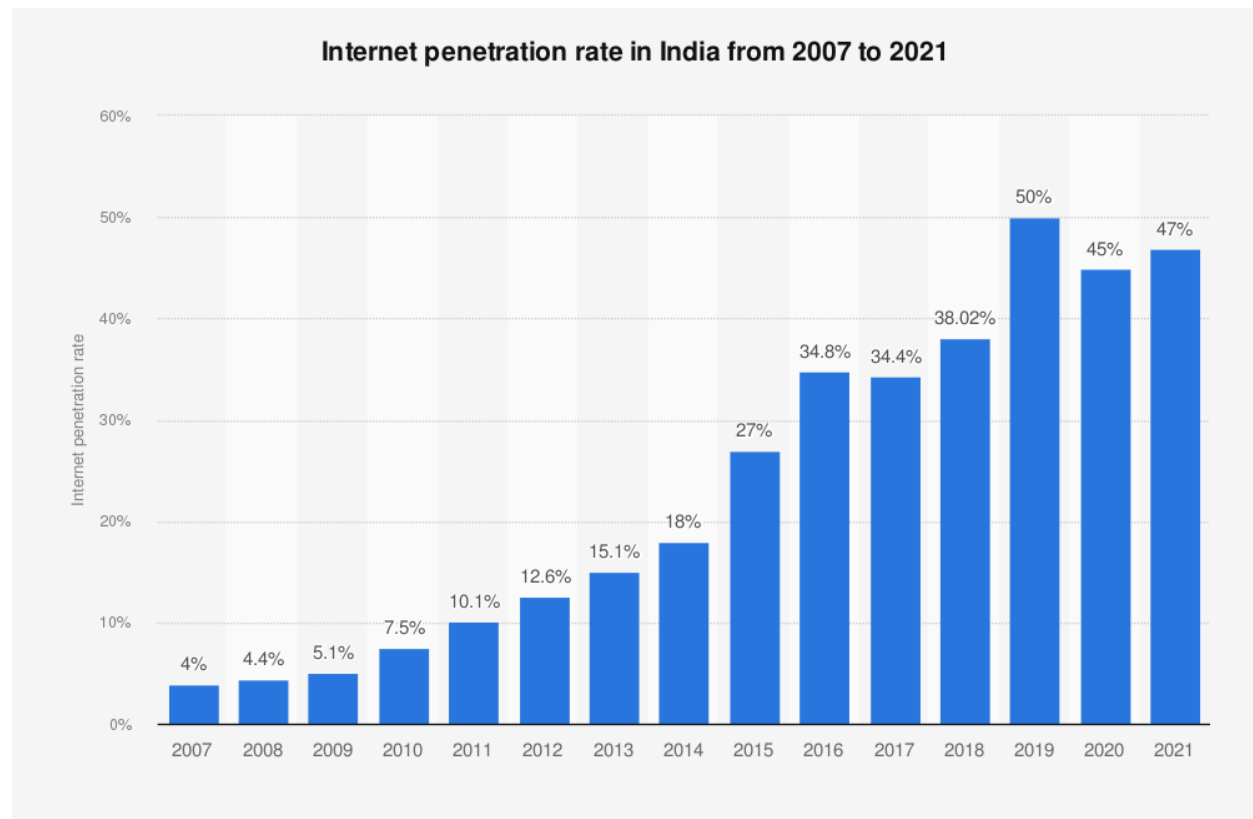
When two engineers from IIT Delhi decided to sell books online from an apartment in Bengaluru's Koramangala neighborhood, it may have been the birth of Flipkart that really kicked off the e-commerce juggernaut. a venture

concept not too dissimilar from Amazon's. They had no idea that ten years later, Walmart, one of the largest American retailers, would purchase their company for US\$ 16 billion, ending an intense bidding war with none other than Amazon.

| Companies                 | Foundation                                                                                                                                                                                                                                                                               |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2000: Indiatimes shopping | One of the first e-commerce businesses in India, Indiatimes is a branch of the Times of India Group. It began operating in 2000.                                                                                                                                                         |
| Ebay (2005)               | started in 2005. The multi-billion dollar business recognized the potential of the Indian online market when it made its debut on Baazee.com.                                                                                                                                            |
| Olx [ 2006]               | Since J.C. Butler and Sim Whatley launched dubizzle.com in 2005, it has grown to be the most popular website for people to buy, sell, or find anything in their neighborhood.                                                                                                            |
| 2007: Flipkart.com        | It is an online retailer that was established in 2007. In 2007, it launched its own product line called "Digiflip," which featured items like tablets, USBs, and laptop bags. purchased Myntra for Rs 20 billion in 2014.                                                                |
| 2007: Myntra              | In 2007, an Indian e-commerce business for fashion and casual lifestyle goods was established. joined together with Flipkart in 2014 to take on Amazon.                                                                                                                                  |
| 2008: Homeshop 18         | Homeshop18 is an online retailer based in India and a retail arm of the network 18 group, a firm owned by reliance industries. The website homeshop18.com was created in 2011 after beginning as a television channel in 2008.                                                           |
| 2010: Snapdeal.com        | An online marketplace called Snapdeal launched in February 2010. It was awarded the 2011 Re Hearing Asia Award. It is now a multimillion-dollar online shopping enterprise.                                                                                                              |
| 2010: Paytm               | In 2010, an Indian e-commerce website was launched. began by providing mobile recharges, bill payments, and merchandise comparable to those found on Flipkart.com and Amazon.com.                                                                                                        |
| 2012: jabong.com          | It was established in 2012 as an e-commerce portal for fashion and lifestyle in India. Flipkart purchased Jabong through its subsidiary Myntra in 2016 for around \$70 million.                                                                                                          |
| 2013: Amazon.com          | The American e-commerce company Amazon was founded in the US in 1994 and began operating in India in 2013. began as an online bookstore but has since expanded to provide a variety of goods. Amazon has rapidly expanded in India and has emerged as one of Flipkart's key competitors. |
| Ebay.in                   | Ebay is an American online retailer founded in 1995 that offers B2B and C2C services. Eventually, eBay.in was launched in India to serve the Indian market's demands through Baazee.com                                                                                                  |

## The Internet penetration rate in India-

According to the Internet in India report, which is based on an ICUBE 2021 study, rural India continues to lead the way in terms of internet user growth, with 351 million users and a 37% penetration rate, while urban India appears to have reached a plateau with 341 million users and a 69% penetration rate. More Indians than the estimated 331 million people in the US participate in genuine online transactions like e-commerce and digital payments, at about 346 million.

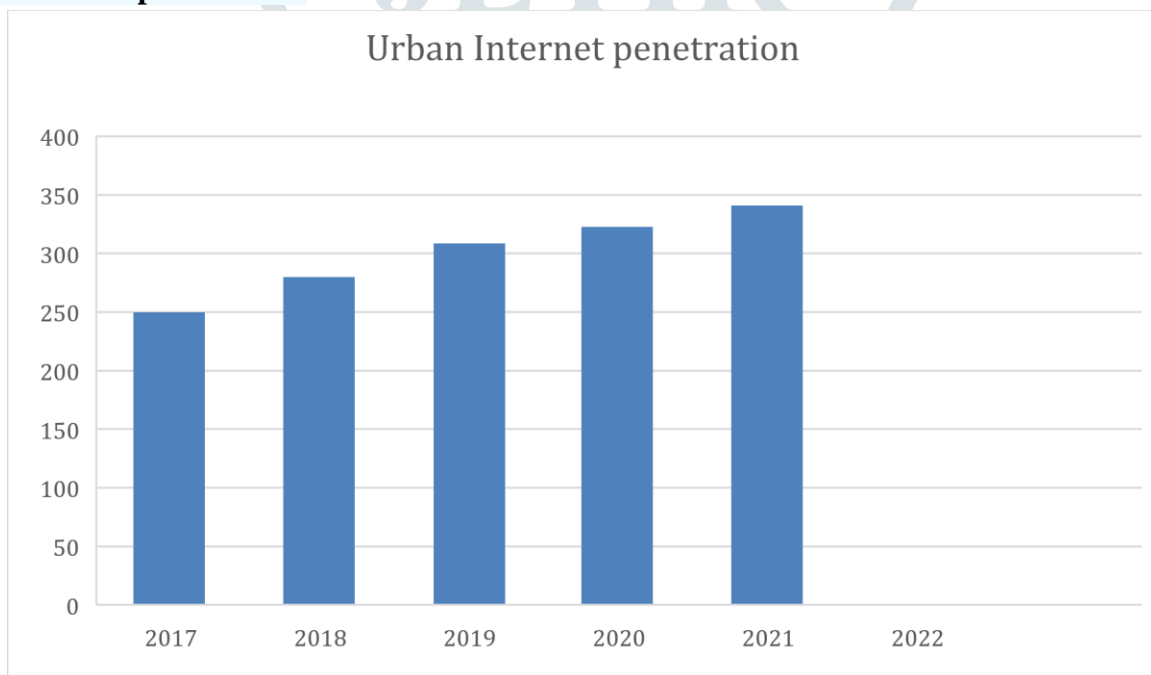


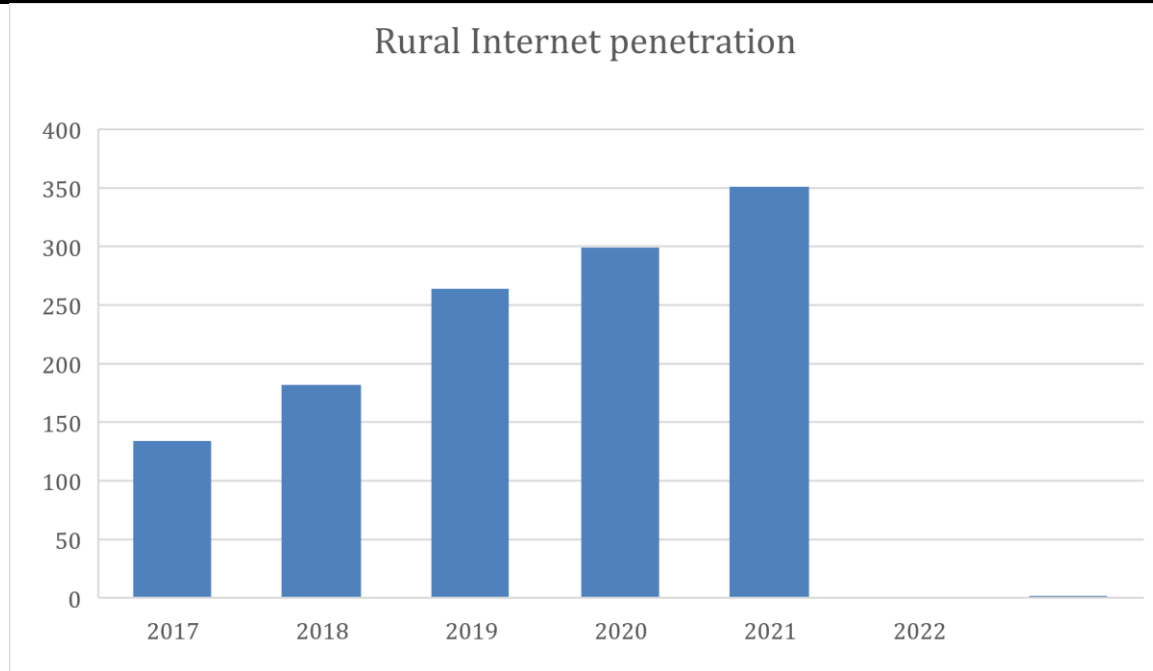
## No. of social media users in India

| Years | No of users in millions |
|-------|-------------------------|
| 2015  | 142.23                  |
| 2016  | 168.1                   |
| 2017  | 196.02                  |
| 2018  | 226.06                  |
| 2019  | 258.27                  |
| 2020  | 292.43                  |
| 2021  | 336.18                  |
| 2022  | 370.77                  |

**Source:** www.statista.com

### Rural-urban internet penetration-





### Government Initiatives To Boost E-commerce-

The government has made steps to support the development of additional business people like Shivam Talwar. He is a key player in the e-commerce industry in 2022. The Indian government has launched a number of new initiatives since 2014, including Start-up India, Skill India, Digital India, and the Innovation Fund. The timely and effective implementation of these projects is predicted to support the growth of e-commerce in the nation. The main actions the government has done to encourage the expansion of e-commerce in India are as follows:

- By June 8, 2022, 4.56 million registered sellers and service providers had fulfilled 10.35 million orders through the Government e-Marketplace (GeM) platform for 60,632 buyers, amounting to Rs. 258,359 crores (US\$ 33.07 billion).
- E-commerce businesses are required to declare the nation of origin next to each product listing under the Consumer Protection (e-commerce) Regulations 2020, which were unveiled by the Consumer Affairs Ministry in July. Also, the criteria used to decide which products get shown on the platforms of the companies must be made public.
- In order to promote digitalization, the government launched a number of projects, including Umang, Start-up India Portal, Bharat Interface for Money (BHIM), and others.
- Piyush Goyal, the minister of commerce and industry, urged entrepreneurs to register on GeM, the site for public procurement, and pitch their goods and services to PSUs and government agencies.
- From 2016 through October 2020, the government required permanent account numbers for foreign businesses using Indian e-commerce platforms. (PAN). A 2% tax on sales of products or services made through a non-resident e-commerce operator was added in the FY21 budget.
- The Indian government lifted the cap on FDI in the form of an online marketplace to 100% in order to promote foreign companies' involvement in that sector. (Inside B2B models).
- India's e-commerce will grow as a result of the government's large investments in building fiber networks for 5G.

## Future of the E-commerce industry in India-

Analysis shows that India's e-commerce industry increased from 4% of the entire population in 2007 to over 40% in 2017, demonstrating the emergence of the internet era in the nation with the greatest economic growth. By 2025, the Indian e-commerce market is projected to continue expanding and reach a value of about \$188 billion. According to the most recent data reports, this industry would grow once again and reach \$350 billion by 2030. The growth of e-commerce in India and other internet-based industries is strongly related to this internet boom.

By 2034, it is anticipated that the Indian E-commerce market will overtake the US to overtake it as the second-largest E-commerce market in the world.

The e-commerce market in India is predicted to develop at a 19.24% CAGR from US\$ 46.20 billion in 2020 to US\$ 111.40 billion by 2025, with groceries and clothing/apparel set to be the main drivers of additional expansion. According to estimates, the Indian online grocery industry would grow at a CAGR of 33% to reach US\$ 26.93 billion in 2027 from US\$ 3.95 billion in FY21.

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