

# An Analytical Review of Growth of E-Commerce towards Consumers in India

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## Abstract

Trading has revolutionized the manner that commerce is conducted in India. The widespread use of the internet and smartphones has been a major driver of this sector's expansion. The most widespread use of computers and IT for handling commercial and financial data is known as "E-Commerce" or "E-Business." It facilitates the transfer of any monetary value from one location to another. With the aid of debit and credit cards, we may buy anything online. The use of electronic commerce includes customer billing, tracking of money received and owed, tracking of supplies required and things manufactured, stored, delivered, sold, etc.

**Keywords:** Economic Growth, E-Business, E-Commerce, Indian Economy, Social Development.

## 1. INTRODUCTION

Huge technological advancements and the rising prevalence of smart gadgets have stimulated e-rapid commerce's expansion. India is committed to fostering the digital revolution for the benefit of the country's economy. According to research conducted by IBEF and Mint in 2016, by the year 2019, revenue is projected to reach US \$ 120 billion, representing yearly growth of 51%.

The online fashion business in India is projected to bring in US \$35 billion, representing the greatest annual growth rate in the world at 51%, according to research conducted by Google. If the current trajectory continues, by 2019, internet sales might surpass \$150 billion. In addition, by 2016, its value is projected to rise to US\$200 billion, a significant increase from current levels. The advent of online shopping has revolutionized the commercial world. The success of globalization may be attributed to the constant development of technological infrastructure. There have been rumblings that brick-and-mortar businesses may go extinct as a result of the proliferation of enterprises founded on novel e-commerce-based business models. According to Rajasekar et al. (2016), India is now one of the world's leading economic powers. Since the reform in 1991, management has focused on the expansion of online commerce. The use of the Internet as a commercial channel is on the rise and becoming more profitable.

Electronic transactions in the Indian market were worth \$3.9 billion in 2009. This figure was raised to US\$6.9 billion in 2011 and subsequently to US\$12.6 billion in 2013. The \$2.3 billion in revenue that was generated through retail e-commerce was a result of online business. At this time, the tourism industry held a whopping 79% of the voting shares. In 2014, Google India produced research showing that internet consumers in the country had spent over US \$100 million. In this region, the textile and electrical goods industries accounted for the lion's share of GDP. In contrast, E-commerce in India's retail and tourism sectors brought in a combined US\$24 billion in revenue in the following year. Online sales of luxury goods, jewellery, and clothing have surpassed the \$1 billion mark, with mobile and direct-to-home services close behind. a number of different possibilities. Wikipedia (2018) presents optimistic forecasts for the next several years in terms of both revenue and number of users. According to another source, the size of the Indian internet economy is expected to more than double from the \$125 billion it was at in April 2017 to \$250 billion in 2019.

It has been noted that India's e-commerce sector has been on an increasing development trend, with the US being overtaken by 2034. There are plans for it to become the second biggest market in the world. By 2018, India has reached the staggering 120 million threshold of online clients, and by 2025, Indian E-commerce is projected to attract 20 million online buyers. The key drivers are the rising income and internet access of the Indian middle class. India is home to a plethora of cutting-edge companies that use internet marketing and advertising to connect with consumers and provide them with a streamlined, convenient, and enjoyable buying experience.

Due to the rapid development of the e-commerce industry in the country, many prominent Indian corporations are beginning to establish online presences. If we focus on Business-to-Business (B2B) Electronic Commerce E-commerce based on a marketplace model is now fully open to foreign direct investment. More than US\$7 billion was invested in India's e-commerce and consumer internet startups in 2018. Flipkart, Amazon, Myntra, Paytm, and Snapdeal were the five largest online retailers in India in 2017, according to research. In 2018, Amazon's revenue surpassed that of Flipkart, making it India's largest online retailer.

E-commerce has rapidly evolved from a futuristic concept to a mainstream industry in India. The majority of purchases in India are still made at small, family-owned shops and marketplaces. Customers in India, who were formerly OK with this, have shifted their focus to finding a more convenient way to purchase, fueling the rapid expansion of the e-commerce industry. Nowadays, consumers can go shopping from the comfort of their own homes or offices, and have their purchases delivered to their doorsteps in a matter of minutes. Travel, hotel booking, matrimony services, fashion accessories, electronic gadgets, virtual commodities like book and music download, software, games, groceries, etc. are all available in the country's online market area.

## 2. RESEARCH METHODOLOGY

The information used in this study includes secondary data gathered from a variety of online resources, including academic papers, the website [www.statista.com](http://www.statista.com), and official government publications from the Ministry of Commerce, Government of India.

## 3. DATA ANALYSIS

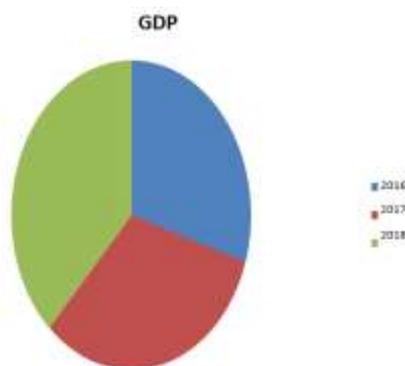
**Table 1: Present Market segments of E-commerce**

Category	Specification
Digital population as of January 2018	687.6 million
E-commerce market size by 2017	200 billion USD
Active E-commerce penetration	74%
E-commerce share in retail by 2019	7 %
Share of online shoppers who prefer mobile wallets	32%
Category of online retail with the highest penetration rate	Electronics
Flipkart revenue	436.15 billion INR
Most popular e-payment service	Paytm

**Table 2: Share of E-commerce to GDP**

Year	GDP
2016	0.71
2017	0.76
2018	0.9

**Figure 1: Share of E-commerce to GDP**



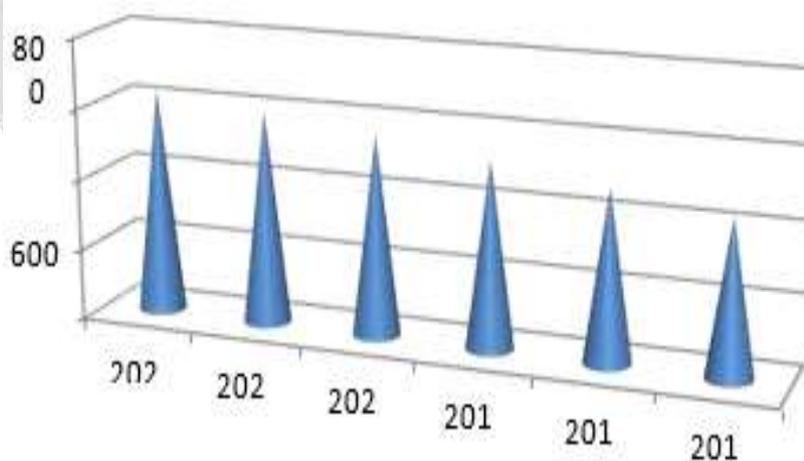
About 0.76 percent of India's GDP was attributed to online sales last year. The 2018 prediction was 0.9%. Being the world's second-largest internet market, behind China, demonstrates the country's increasing importance in the information economy.

**Internet users in India**

**Table 3: Number of internet users in India from 2016 to 2018 with a forecast**

Year	No of internet Users
2019	525
2018	483
2017	437.4
2016	295.39

**Figure 2: Number of internet users in India**



In 2018, more than 480 million people in India were connected to the internet. It was predicted that by 2019, this number would rise to over 660 million, revealing a substantial opportunity in the South Asian market for internet services. In reality, India's internet market is the second biggest in the world.

**Table 4: Digital buyers in India 2014-20 (In Millions)**

Year	No of Buyers
2014	54.1
2015	93.4
2016	130.4
2017	180.1
2018	224.1
2019	273.6

Recent years have witnessed tremendous growth in the e-commerce industry across Asia. If you're looking for a nation with a rapidly expanding online retail sector in 2019, go no farther than India in South Asia. It was predicted that by 2019, there will be around 330 million digital purchasers in the United States. According to the data, 71% of regional internet users will have made purchases online within the specified time frame. Industry growth is being fueled by smart phone adoption, targeted marketing, discounts, fast shipping, and returns. The e-commerce industry has been flipped on its head by this retail environment, as shoppers now choose to shop from the convenience of their own homes and have their purchases delivered directly to their front door.

### Roots of the system

The majority of the sector's spending in 2019 came from the country's male population, who mostly shopped on Amazon. The impact of personalised software and web services should not be underestimated, though. Sixty percent of all consumers used their mobile phones to make a transaction in 2018.

### Room for further branches

In spite of the industry's meteoric rise, the country's penetration rate is modest when compared to other markets like China's and the United States'. Despite the advances, there are still obstacles, such as trust concerns caused by a plethora of bogus websites and items, which prevented almost 20% of purchasers from making online purchases in 2016. There is a concerted effort to address the problems plaguing the business, and reputable websites and quality assurance from manufacturers are leading the charge.

### Growth of B2B E-commerce in India

In India, the rate of expansion of business-to-business (B2B) e-commerce is lower than that of consumer (C2C) e-commerce. This is due to the higher obstacles to entry in the B2B E-commerce sector compared to the B2C sector. There are strict regulatory and taxes rules that a B2B E-commerce firm must follow, as well as the need for a solid business plan and long-term logistical agreements with rail, road, and ports. Leading B2C corporations, in addition to the existing B2B companies, have begun to establish their own platforms for small company owners and traders, all with the goal of tapping the enormous potential in the B2B Ecommerce sector in India. Growing optimism among the increasing number of businesses selling and purchasing online and a move toward conducting procurement transactions online are both predicted to contribute to this. As a result of the government's recognition of the B2B E-commerce sector's unrealized potential, it now welcomes 100 percent foreign direct investment (FDI) in the sector, attracting major international players like Walmart and Alibaba.

### Future of E-commerce in India

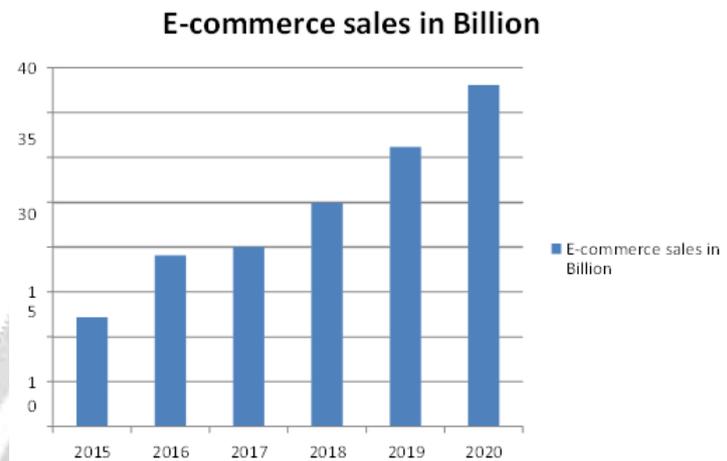
The market for online shopping in India is expanding quickly. India already has 460 million internet users, and that number is growing rapidly. E-commerce in India is expanding rapidly because of the widespread availability of cellphones and the internet. Additionally, the country's young population and the government's efforts to modernize the country's infrastructure online are fueling the expansion of India's e-commerce market.

**Table 5: E-Commerce sales in India (In Billion Dollars)**

Year	Sales
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2015	12.9
2016	16.08
2017	20.01
2018	24.94
2019	31.19

**Figure 3: E-Commerce sales in India (In Billion Dollars)**



### Challenges of E-commerce in India

Inadequate infrastructure and low digital literacy are just two of the many problems the e-commerce sector must contend with on a daily basis. Other problems include taxation issues, incidents of fraud and issues with cyber security, intense competition, and customers' preference for payment in cash (COD). The taxation of products and services is not standardized throughout the country, and it might be difficult to determine if a certain offering falls within the latter category. There is a lack of stated policy on the taxation of transactions including electronic wallets, cash on delivery, gift cards, etc. After the Goods and Services Tax is put into effect, some of these problems may be remedied (GST). Consumers and e-commerce businesses alike have been hit by an uptick in incidents involving the spread of counterfeit products via their platforms.

This is mostly due to the lack of a reliable method that would enable customers to verify the legitimacy of merchants and their wares. Because companies deal with such massive amounts of client data, most of which is shared with other parties like logistics suppliers, the players also face serious challenges in terms of data/cyber security. The use of cash transactions by clients is an additional difficulty. Cash on delivery (COD) payments are more time-consuming, dangerous, and costly for businesses since they raise the need for working capital. A higher return rate for products sold online is also proving costly and causing issues for businesses. Intriguingly, the rate of cancelled COD orders is substantially greater than that of online purchases paid with a credit card. Increased levels of competition in India's e-commerce market have led to more aggressive pricing strategies, such as deep discounts for consumers and generous commissions for sellers and middlemen. The impact on company profits has been substantial as a result.

## 4. CONCLUSION

The e-commerce market in India has begun to take form, with online sales having doubled in the previous five years and projected to continue their meteoric rise. It is well acknowledged that e-commerce is developing into a crucial instrument for validating the booming development of the Indian economy. India might perhaps become an economic powerhouse as a result of this. Due to the increasing number of people with internet access, online shopping is becoming an increasingly viable alternative for brick-and-mortar stores. More money has to be put into India's supporting infrastructure and new, ground-breaking business models in order to reach this goal.

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