

E-Business Trends In India

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Abstract:

The present study of E-Business Trends in India, prominently based on the online secondary data from relevant websites, attempts to highlight the present e-business scenario and the future trends of e-commerce in the country on the background of promoting initiatives of the government of India. On the basis of the compilation, presentation and the analysis of the related data, the researcher concludes that retail e-commerce industry covering one-fourth of the total organized retail market in India indicates hybrid trend. The increase of smart-phone users is transforming India's e-commerce to mobile-commerce and social commerce. The government policies back up the growth trends of e-business in India.

1. Introduction:

Nowadays, electronic business has become a part and parcel of our life. It has reached not only the techno-savvy digital youth of the metropolitan cities but also the smart-phone users and the common people residing in tier II and tier III cities in India

and all over the world. The e-business partners backed up with the supportive policies and initiatives of the Government of India are now moving forward with focused efforts towards the remote rural parts of our country. During and after the COVID-19 pandemic, e-commerce and e-banking proved as a boon for the entire mankind acting as a preventive means of social distancing facilitating e-learning, e-shopping, e-payment and e-consultancy services. E-business is relevant to one of the principles of our NEP 2020 i.e. technology use for teaching, learning, access, planning and management.

2. Objectives of Research Study:

The main objectives of the present research work are:

- 1] To know about the present e-business scenario in India
- 2] To study the future trends of e-commerce in the country
- 3] To review the government initiatives for promoting the e-business in India.

3. Research Methodology:

The researcher has tapped printed and online published sources for related research articles, papers and reports. The present research paper is prominently based on the online secondary data available on the official websites. The collected secondary data is analyzed in accordance with the scope and objectives of the present research paper.

The broad scope of the paper is the current and future trends of e-business in India. The focus of the paper is limited to the main aspects of the Indian e-commerce industry.

India's internet economy	US\$ 125 billion
Indian e-commerce market	US\$ 38.5 billion
India's E-commerce revenue	US\$ 39 billion
No of Private Equity and Venture Capital Deals	21
Value of Private Equity and Venture Capital Deals	US\$ 2.1 billion

Source: Data compiled from IAMAI &

4. Data Presentation and Analysis:

4.1 Present E-Business Scenario in India

According to the data published by the Statista Research Department on 8th July 2022, the number of active internet users in India as of February 2022 was 658 millions with the active e-commerce penetration of 76.79 percent. The reports of India Brand Equity Foundation (IBEF) state that Indian e-commerce market has reached to US\$ 74.8 billion in 2022 from US\$ 38.5 billion as of 2017.

Table No. 1

E-Business in India 2017: At a glance
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Indian E-commerce Market Size			
Year	2017	2020	2022
Value in billion US \$	38.5	46.2	74.8

KPMG Report (2017) and IBEF Report

Table No. 2

Source: Data compiled from IBEF

Reports, www.ibef.org

The data displayed in the Table No. 1 and 2 indicates that our country's e-commerce market size was US \$ 38.5 billion in 2017. It increased to US \$ 46.2 billion in 2020 and has reached to 74.8 billion in 2022. with a CAGR of 20-22 percent.

Digital Banking and Payments: The Reserve Bank of India has taken positive steps to boost digital payment and digital banking. Recently, the RBI has allowed interoperability among the prepaid payment applications with KYC compliances and Unified Payments Interface (UPI)

transactions. The value of Unified Payments Interface (UPI) transactions recorded 1.15 billion transaction worth more than Rs 1.913 trillion (US\$ 27 billion) in October 2019.

Paytm launched Paytm Payment Bank for offering online banking and payment facilities with zero charges on online transactions, no minimum balance requirement and free virtual debit card. PhonePe launched super-app platform 'Switch' to provide a one stop solution for customers integrating several other merchants apps in September 2019.

Investments and Public Private Partnership: The E-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and 40 deals worth US\$ 1,129 million in the first half of 2018. Amazon acquired 49 per cent stake in a unit of Future Group in August 2019 and Reliance planned to invest Rs 20,000 crore (US\$ 2.86 billion) in its telecom business to expand its broadband and E-commerce presence and to offer 5G services. Tata Unistore has raised the fund of 1600 crore. Jiomart has become multi-category and onboarded 20,000 small and medium-sized businesses to sell on its platform. Government e-Marketplace (GeM) signed a (MoU) with Union Bank of India to facilitate a cashless, paperless and

transparent payment system for services in October 2019.

Google enters India's e-Commerce Space with Google Shopping. Google and Tata Trust have collaborated for the project 'Internet Saathi' to improve internet penetration among rural women in India (Source: <https://www.ibef.org/>)

4.2 Future Trends of E-Commerce in India:

According to a report published by IAMAI and Kantar Research, the number of internet subscribers in India was 665.31 million in June 2019. India's internet users are expected to reach 900 million by 2025 increasing at a CAGR of 45% until 2025.

Table No. 3

Internet Subscribers in India			
Year	2019	2021	2025
Internet subscribers in India	665.31 million	830 million	900 million

Source: Data compiled from IAMAI and Kantar Research Reports

Table No. 4

Growth Estimates of Indian E-commerce Market				
Year	2024	2025	2026	2030
Value in billion US \$	111	188	200	350

Source: Data compiled from IBEF Reports, www.ibef.org

The Growth Estimates of Indian E-commerce Market depicted in the above table clearly displays that India e-commerce market has tremendous potential to expand. Our e-commerce market size is estimated to reach at US \$111 billion by 2024 and \$200 billion by 2026, with a CAGR of 20-22 percent.

India’s Mobile Commerce: Indian E-commerce is now on the way of becoming M-commerce means Mobile Commerce. The total mobile connections in India as on 31st October 2022 are 1143 millions. These mobile users, especially the smart-phone users, are the major part of the urban and rural customer base of the e-commerce in India.

Table No. 5

Mobile Connections in India			
Mobile Connections	Urban	Rural	Total
No. as on 31-10-2022	625 million	518 million	1143 million

The number of smart-phone users in India is expected to reach 887.4 million by 2030. India has the highest data consumption rate worldwide at 14.1 GB of data per person a month. The largest category on Amazon is the online smart-phone channel with a 47 percent market share. The Government of India launched an e-commerce portal called TRIFED and an m-commerce portal called ‘Tribes India’ to enable the entry of 55,000 tribal artisans into international markets.

India’s Social Commerce: The investments in the social e-commerce start-ups are multiplied in recent years. The social e-commerce start-ups raised funds US\$ 554 million as of July 2021. This funding is seven times more than that of the previous year. India’s social commerce has been gaining popularity in Tier II and Tier III cities as well as rural parts of the country. Meesho is a popular social e-commerce platform in India and it has moved forward from Tier I cities towards Tier II and Tier III cities to gain more than two-third of its customer base. There is also remarkable increase in the India’s social commerce gross merchandise value (GMV).

Table No.6

Estimates of India's Social Commerce (GMV)			
	2020	2025	2030
Value in billion US \$	2	20	70
Growth Percentage			

Source: Data compiled from Bain & Company Reports <https://www.ibef.org>

The future growth projections of India's social commerce gross merchandise value (GMV) are depicted in the Table No. 6. The data displayed in the table indicates that the GMV of India's social commerce is expected to increase tenfold in five years from \$2 billion in the year 2020 to \$20 billion by 2025. During the period of 2025 to 2030, India's social commerce gross merchandise value is estimated to increase 3.5 times from \$20 billion in 2025 to \$70 billion in 2030.

E-Shoppers Expectations and Trends:

The number of online shoppers in India is expected to be 220 million by 2025. As per the IBEF report 2019, the consumers who buy on e-commerce platform want free shipping (67%) shipping tracking (61%) and information about returns (52%). 87% of online shoppers compare what they find on brand websites with Amazon. Amazon Retail India Private Limited recorded its revenue at Rs 1720 crore in the financial year 2021-22. The online shoppers prefer to

buy electronic goods from e-commerce platforms. The sale of e-gadgets and apparel goods indicates year-wise growth. According to Tofler, Myntra Designs reported a 46 percent jump in revenues for the financial year 2021-22 at Rs 3,610 crore.

Indian e-commerce is projected to increase from 4% of the total food and grocery, apparel and consumer electronics retail trade in 2020 to 8% by 2025. Online Beauty and Personal Care Markets in India have posted a CAGR of 60 percent over the last four years, with a market share of about 8 percent in 2020.

Hybrid Trend of Retail E-commerce:

India's traditional physical retail sector is mostly dominated by unorganized retailers scattered all over the country. As far as the total retail sector is concerned, the online penetration of retail is expected to reach 10.7% by 2024 compared with 4.7% in 2019. The giant e-commerce platforms are covering remarkable area of the organized retail sector. The online retail market in India is estimated to be 25 percent of the total organized retail market and is expected to reach 37 percent by 2030.

Table No.7

Estimates of Retail E-commerce Sales in India [2021-2025]
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Year	2021	2022	2023	2024	2025
Value in billion US \$	66.76	83.75	102.45	122.94	145.07
Growth Percentage	27	25.5	22.3	20	18

Source: Data compiled from e-Marketer Dec.2021, www.insiderintelligence.com

The estimated future growth in the sales value of India’s retail e-commerce is depicted in the Table No. 7. The data displayed in the table indicates that the sales value of India’s retail e-commerce is expected to be more than double in four years from \$66.76 billion in the year 2021 to \$145.07 billion by 2025.

The hybrid trend of retail e-business has become noticeable with the combination of online e-commerce platforms and their offline physical retail stores going hand-in-hand together. The retail e-commerce platform, Flipkart has 4.2 lakh sellers. JioMart has 15000 Reliance Retail Stores. Nykaa has 96 physical stores as of December 31, 2021, in 45 cities.

The proposed National Retail Policy of India states that offline retail and e-

commerce need to be administered in an integral manner. This policy has identified five areas as follows:

- 1] Ease of doing business
- 2] Rationalization of Licence process
- 3] Digitisation of Retail
- 4] Focus on Reforms
- 5] Open Network for Digital Commerce (ONDC):

4.3 Government Initiatives:

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. In February 2019, the Government of India released the Draft National e-Commerce Policy and hiked the limit of foreign direct investment (FDI) in B2B marketplace model for up to 100 per cent to increase the participation of foreign players in the e-commerce field. 100% FDI under Government approval route for E-Commerce by Food Retail Companies, provided products retailed are manufactured and/or produced in India. E-Commerce of Single Brand Product Retail allowed, provided company establishes physical stores within 2 years from start of online retail.

The heavy investment fiber network for 5G Union Budget 2018-19, allocated Rs 8,000 crore to BharatNet Project, to provide broadband services to 150,000 gram panchayats. The Government of India

provides support to technologies such as UPI, RuPay, DigiLocker, eKYC to help promote digital transactions. In the FY22 Budget, a INR 1,500 crore scheme was proposed to financially incentivise digital payments. The Government of India has distributed rewards worth around US\$23.8 million to 1 million customers for embracing digital payments, under the Lucky Grahak Yojana and Digi-Dhan Vyapar Yojana.

The e-commerce industry been directly impacting the micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training Udaan, a B2B online trade platform that connect small and medium size manufacturers and wholesalers with online retailers and also provide them logistics, payments and technology support, has sellers in over 80 cities of India and delivers to over 500 cities.

The Open Network for Digital Commerce (ONDC), called as a future-defining innovation-led transformation in e-commerce, is an e-commerce platform that the government is backing for the development of e-commerce in India. The ONDC will serve as the infrastructure for setting up the final storefront for different shopping applications.

5. Conclusion:

The present scenario of e-business in India indicates that e-commerce industry has covered one-fourth of the total organized retail market in India at present. With the increase of smart-phone users, India's e-commerce will be more dominated by mobile-commerce and social commerce. The e-commerce platforms are going hybrid with physical stores. The government of India's FDI reforms have regulated the foreign investments in e-commerce. The government has taken various steps to promote B2B and retail e-commerce, e-banking and digital payments leading to the positive growth trends in all the segments of e-business..

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