



THE STUDY ON GROWTH AND DEVELOPMENT OF E-COMMERCE MARKET IN INDIA

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ABSTRACT : In modern era, the use of internet and smartphone has been increased significantly in India. According to the 'Digital India' program report, by June 2023, the number of internet connections in India has drastically increased to 895 million. It was observed that, of the total internet connections, about 55% of the connections were operating in urban areas of India, out of which 97% were wireless. The use of smartphone has also increased significantly. It is expected that, e-commerce sector will reach 1 trillion US\$ by 2030. The rising income of the people in India led to increase in use of smartphone and internet users. This has helped the growth and development of India's e-commerce sector. The e-commerce sector in India has revolutionized the new way of business in India. Various forms of electronic transactions such as Business-to-Business (B2B), Direct-to-Consumer (C2C), Consumer-to-Consumer (C2C) etc. have been emerged in e-commerce and in recent times there has been experienced a tremendous growth in such transactions. The place of e-commerce in Indian economy is unique. The main objective of this research paper is to study the concept of e-commerce, to analyze the growth and progress of e-commerce market in the Indian economy.

KEYWORDS : E-commerce, E-retail, Digital Transactions, E-commerce Operator

INTRODUCTION :

Over the past two decades, the growing influence of the internet and mobile phones has changed the way we communicate as well as the way of doing business. E-commerce is not a relatively new concept today. But it is known as an ever-evolving concept. Currently, the e-commerce business is growing and developing rapidly due to the use of internet and mobile phones. Hence, today businesses have changed the way of reaching to customers. Countries such as the United States (US) and China have made strides to generate over US\$ 150 billion in revenue through e-commerce. Industries in India are also found to have made significant progress on the basis of e-commerce.

India's e-commerce sector has a fertile environment for growth and development. India is the second largest internet market in the world. Increasing use of internet and smartphone, rising incomes and affordable data prices are all fueling the growth of e-retail. According to Telecom Regulatory Authority of India (TRAI's) Indian Telecom Service Performance Indicators report, as of March 2023, the number of internet users in India was over 880 million, while the number of telecom subscribers was over 1,172 million. According to the World Bank's Global Consumer Markets Survey, India ranks sixth in the world. Also this is going to become a market with huge future potential. As predicted by the World Economic Forum, India will become the world's third-largest consumer economy by 2030. Between 2014 and 2018, India's e-commerce market grew from \$14 billion to \$50 billion.



RESEARCH METHODOLOGY :

a) Objectives :

1. To study and understand the concept of E-commerce.
2. To analyze the growth and development of E-commerce Market in India.

b) Literature Review :

(2014) **Manasvi Tehanguria** has studied the topic E-commerce Reshaping India: A Comprehensive Study on Consumer Behavior, Economic Impact, and Policy Implications. Her study revealed that E-commerce's transformative influence in India is multidimensional, impacting consumer behavior, the economy, and policy considerations.

(2024) **Dr. Sanjay Kumar Saini** has studied the growth of E-commerce and its impact of Indian economic development. His study highlighted that, e-commerce continues to evolve, it will play an increasingly pivotal role in driving economic development, fostering innovation, and enhancing market access for businesses of all sizes. It has reshaped the retail landscape, providing businesses with unprecedented opportunities to reach and engage with a broader audience.

- c) **Data Sources** : This research paper is based on the secondary data collected from research papers published in national and international journals, articles, data published by related institutions, websites etc.

Introduction to E-commerce (Electronic Commerce) :

E-commerce (Electronic commerce) is the online system of buying and selling of goods and services over the internet. It can be done by using electronic devices like as computers, smartphones, tablets and other smart devices. Now a days, almost all the goods and services can be sold and purchased through e-commerce. It can be operated by E-commerce operates in several market segments, including business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer, (C2C) consumer-to-business (C2B) etc.

Definitions of E-commerce :

1. "Maintaining relationships and conducting business transactions that include selling information, services, and goods by means of computer telecommunication networks". (**Britannica Money**)
2. "E-Commerce comprises core business processes of buying and selling, goods, services and information over the internet". (**P.T. Joseph**)

Silent Features / Advantages of E-commerce :

- 1) **Global Market**: E-commerce provides a global marketplace for sellers and consumers around the world. Customers can buy the goods and services they want from anywhere in the world according to their needs.
- 2) **Universality and Global Reach** : Due to e-commerce technology, business can easily reach to any geographical boundaries of the world. Globally, companies and other business entities are expanding their business and making more profits. It is always available everywhere across the world. Consumers can get information about goods and services whenever they want and can buy them.
- 3) **Information Density** : Information density is the total quantity and quality of information available on the internet to all buyers and sellers in a market. The Internet increases the density of information to a great extent.



- 4) **Universal Standards** : E-commerce standards are standards shared by all nations around the world. All these facilitate connecting e-commerce operators on the same "level".
- 5) **Interactivity** : E-commerce technology enables a two-way conversation between consumers and marketers. That makes it more interactive. This proved to be an important feature of e-commerce technology in the 20th century.
- 6) **Personalization**: E-commerce technology makes personal details available through online mode. E.g. Name, interests and past purchase records etc. It designs personalized marketing messages. Goods and services are made available online on the basis of selection, customer preferences and past purchase records.
- 7) **Diversity in Communication** : E-commerce operates all commercial activity and experience conducted through a variety of messages. For example, text, pictures, videos, sound, links, SMS (Short Message Services) etc.
- 8) **Diversity in Goods and Services** : E-commerce makes available variety of products and services from different manufacturers and sellers. It provides common platform for almost all types of goods and services.
- 9) **Access anytime**: Online businesses are open to customers and sellers full-time for 365 days a year. Customers can inquire and transact anytime about any goods/services provided by the businesses and from anywhere in the world.
- 10) **Increased Potential Market Share**: E-commerce enables the businesses to have an access to international markets at any time. Due to this, the market share of various business organizations is increasing through e-commerce.
- 11) **Lower cost of running business**: Creating and sending mails, creating documents and data entry costs less. Advertising on the internet costs comparatively lower. Data entry and management costs are reduced.
- 12) **Simplified Transaction Settlement** : E-commerce allows multiple modes of payment for settlement of transactions. E.g. UPI, Debit Card, Credit Card, Net-banking, digital wallets, cash on delivery etc.

TYPES OF E-COMMERCE TRANSACTIONS :

- **B2C (Business to Consumer)** : Businesses sell goods /services to consumers (e.g., Amazon, Flipkart, Mantra, Walmart, Alibaba)
- **B2B (Business to Business)** : Businesses sell to other businesses (e.g., manufacturers, wholesalers)
- **C2C (Consumer to Consumer)** : Consumers sell to other consumers (e.g., eBay, Craigslist)
- **C2B (Consumer to Business)** : Consumers sell goods/services to businesses (e.g., freelancers on Upwork)
- **B2G (Business to Government)** : Businesses sell goods/services to government entities
- **C2G (Consumer to Government)** : Consumers pay online taxes, fess, duties etc. governments.

Figure No. 1: E-Commerce Transaction Process :

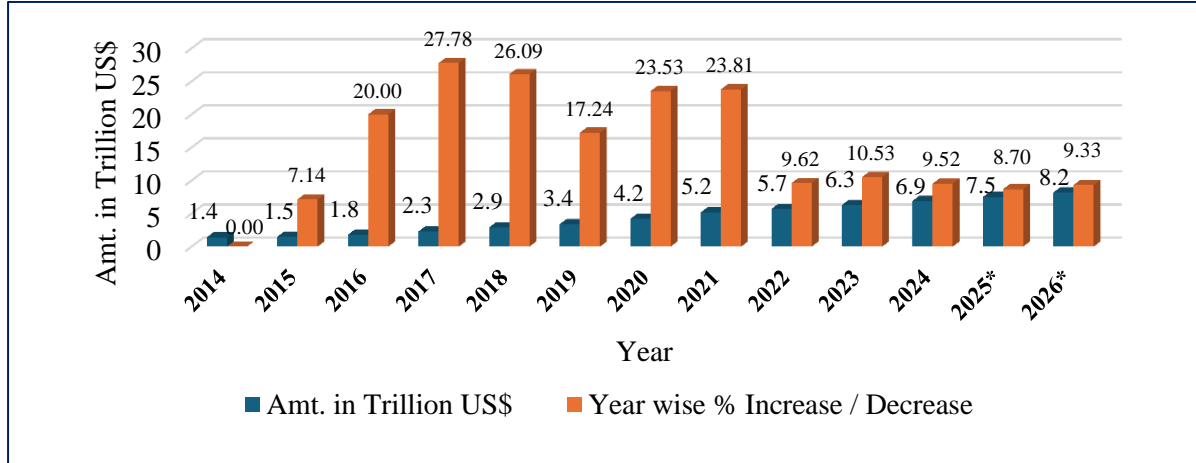


(Source : www.ecommerceceo.com)

E-COMMERCE : GLOBAL SCENARIO :

The growth and development of global e-commerce market has received a positive boost. Today, more and more people avoid going to physical stores. The functionality of the e-commerce sites is adjusted according to the convenience of the customers.

Bar Chart No. 1 Global Retail E-commerce Sales in Trillion \$ from 2014 to 2024



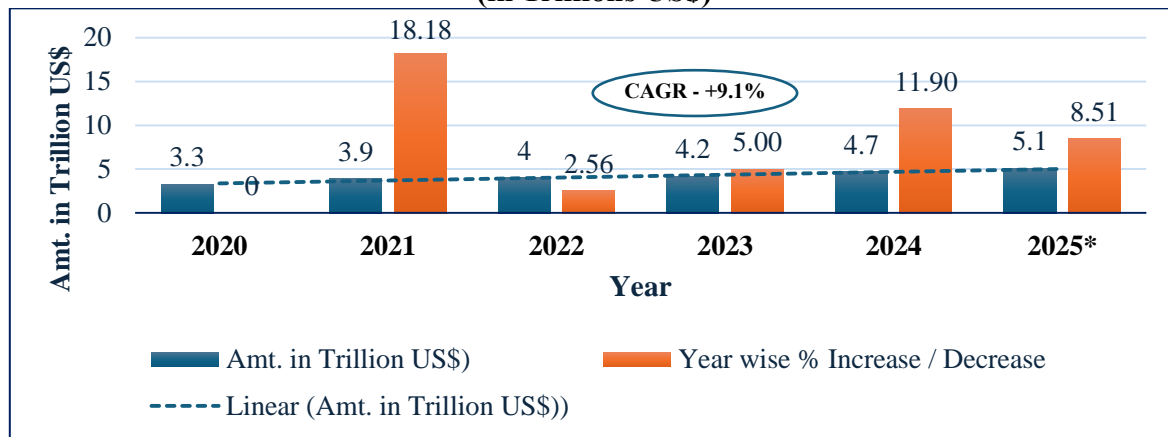
*Projected

(Source : Compiled by Author from secondary data taken from www.ecommerceceo.com)

According to above Bar Chart No. 1, early years have shown a higher rate of sales growth through e-commerce as e-commerce entered new markets and expanded globally in the early 2014 - 2019 period (especially 2016 to 2019). During the period of 2020-2021, due to the covid-19 pandemic, online shopping has increased significantly, Hence, it has seen an unusual increase in sales through e-commerce. In the recent years 2022 to 2024, sales through e-commerce have been hit. But this reflects the maturity of e-commerce. The market is still growing, but at a more sustainable pace. Sales through e-commerce are projected to continue

to expand in the two years 2025 and 2026, indicating that e-commerce has become a permanent part of global retail market.

**Bar Chart No. 2 : Global Revenue Development of the E-commerce Market 2020-2025
(in Trillions US\$)**



*Projected

(Source : Compiled by Author from secondary data obtained from www.ecommercedb.com)

The revenue of the global e-commerce market is observed to increase significantly during the period 2020 and 2021 due to the massive Covid-19 pandemic. Physical stores were closed down and online shopping had got a significant boost. But over time the impact of the pandemic began to wane and revenue growth in e-commerce transactions slowed down in 2022 and 2023. It reflects a post-pandemic adjustment with more moderate growth. However, in 2024, it is increased significantly due to expanding e-commerce infrastructure and enhanced digital shopping. E-commerce market revenue is expected to grow by around 8.51% in 2025.

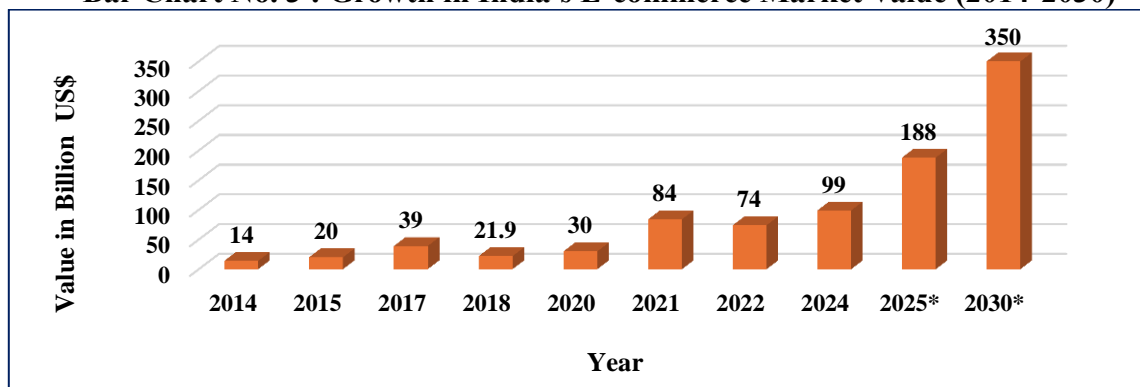
GROWTH AND DEVELOPMENT OF E-COMMERCE MARKET IN INDIA :

The Indian e-commerce market is recognized as the fastest growing e-commerce market in the world. With a population of over 1.4 billion and a mix of cultures, India has experienced a digital revolution. E-commerce has revolutionized the way people shop in India. More and more consumers are turning to digital platforms to shop for groceries, electrical and electronics, furniture, clothing, beauty products, travel services, banking services, fruits, vegetables, utensils, other household essentials, etc. According to www.statista.com, India's e-commerce market revenue is estimated to reach approximately US\$ 69.98 billion in 2025. The expected Compound Annual Growth Rate (CAGR) during the period 2025-2029 will be 9.71%. As a result, the total value of India's e-commerce market is expected to reach US\$101.40 billion by 2029. In India's e-commerce market, the number of users is estimated to grow to 375.2 million by 2029. The number of users is expected to grow by 18.9% in the year 2025 and it is estimated to reach 25.5% by the year 2029 with the Average Revenue Per User (ARPU) expected to increase approximately US\$ 259.30.

Government e-Marketplace (GeM) reached ₹ 2Lakh Crore Gross Merchandise Value (GMV) in the financial year 2022-23. GeM has saved more than ₹ 40,000 crore since its inception. India has more than 800 million internet users, making India the second largest

internet market globally. India's e-commerce market has reached almost 100% pin codes across the country. Tier two cities and smaller cities account for over 60% of e-commerce transactions and orders. India's e-commerce market is dominated by electronics and apparel products. They account for nearly 70% of the total transaction value. Emerging categories include ed-tech, hyperlocal and food-tech. The Government of India has launched Open Network for Digital Commerce (ONDC) in 2022 with the aim of democratizing e-commerce and empowering Micro, Small and Medium Enterprises (MSMEs).

Bar Chart No. 3 : Growth in India's E-commerce Market Value (2014-2030)



* Projected

(Source : Compiled by Author from secondary data obtained from www.grabon.in)

REVENUE GENERATION FROM E-COMMERCE MARKET IN INDIA :

Table No. 1 : Revenue Generation from E-commerce Market in India

(Amt. in US\$)

Products / Services	2019	2020	2021	2022	2023	2024	2025*	2029*
Beauty & Personal Care	1.39	1.91	2.38	2.41	2.49	2.83	3.26	4.63
Beverages	0.37	0.56	0.76	0.83	0.93	1.14	1.39	2.18
DIY & Hardware Store	1.11	1.63	1.92	1.86	1.76	1.82	1.99	2.24
Electronics	6.38	9.24	10.94	10.21	10.08	11.08	12.61	16.98
Eyewear	0.08	0.12	0.14	0.12	0.11	0.12	0.12	0.12
Fashion	5.77	9.04	12.95	12.59	12.87	14.68	17.24	24.35
Food	3.76	7.20	10.69	12.00	13.71	17.16	21.42	34.58
Furniture	1.29	1.55	2.00	1.85	1.84	2.02	2.27	3.06
Household Essentials	0.55	0.81	1.12	1.29	1.53	1.97	2.51	4.06
Media	1.91	2.91	3.58	3.55	3.38	3.50	3.96	4.27
OTC Pharmaceuticals	0.36	0.51	0.68	0.71	0.77	0.92	1.11	1.72
Tobacco Products	0.20	0.31	0.43	0.50	0.6	0.78	1.00	1.61
Toys & Hobby	0.44	0.66	0.85	0.84	0.86	0.96	1.10	1.60
Total	23.6	36.44	48.45	48.77	50.94	58.97	69.98	101.40

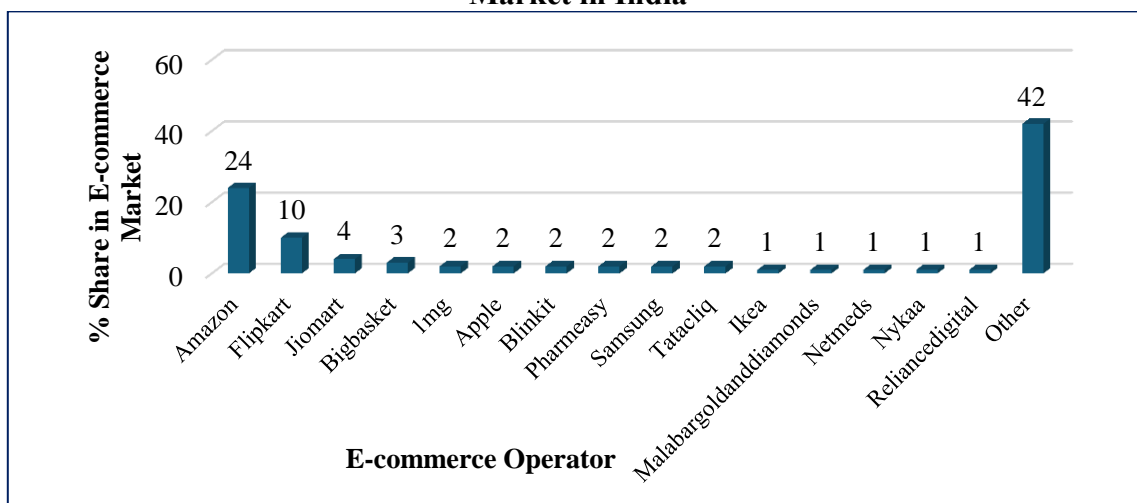
*Projected

(Source: Statista Market Insights - www.statista.com)

It is observed that, Fashion, Food and Electronics collectively dominate the e-commerce market, accounting for the largest share and playing a pivotal role in driving overall growth in e-commerce market. It is observed steady growth in categories like Beauty & Personal Care, DIY, Household Essentials etc. which is reflecting consistent demand throughout the forecast period. In contrast, segments such as Eyewear and Toys & Hobby exhibit limited expansion, indicating either market saturation or stable, niche demand.

KEY PLAYERS IN E-COMMERCE MARKET IN INDIA :

Bar Chart No. 4 : Key Players in E-commerce Market their % Share in E-commerce Market in India



(Source: Statista Market Insights - www.statista.com)

According to above Bar Chart No. 4, Amazon leads with 24%, followed by Flipkart at 10%, indicating their dominance in the e-commerce market. Other platforms like JioMart (4%) and Bigbasket (3%) have smaller shares, while several niche players such as Apple, Blinkit, Pharmeasy, Samsung, Tata Cliq, and others hold 1-2% each. Notably, the "Other" category accounts for the largest share at 42%, which likely includes a wide range of smaller e-commerce operators collectively contributing significantly to the market.

Table No. 2 : % of Online and Offline Classification of Transactions in India :

Year	2019	2020	2021	2022	2023	2024	2025*	2029*
Offline (%)	98.10	97.20	96.50	96.80	96.90	96.80	96.40	96.00
Online (%)	1.90	2.80	3.50	3.20	3.10	3.20	3.6	4.00

*Projected

(Source: Statista Market Insights - www.statista.com)

The number of offline transactions is dominant as compared to online transactions. There is a slight decrease from 98.10% (2019) to 96.80% (2024). The number of offline transactions is expected to decrease to 96.00% by 2029. The share of online transactions is seen to increase from 1.90% (2019) to 3.20% (2024). This is due to the adoption of digital systems and the increase in facilities. Minor fluctuations in the growth of online transactions (e.g. declines between 2022 and 2023) suggest temporary external factors but recovery is expected by 2025.

Table No. 3 : Average Revenue per User in E-commerce Market in India :

(Amt. in US\$)

Products / Services	2019	2020	2021	2022	2023	2024	2025*	2029*
Beauty & Personal Care	23.34	24.95	24.68	21.11	18.90	19.17	19.57	20.17
Beverages	10.10	12.26	13.46	12.09	11.54	12.46	13.38	14.96
DIY & Hardware Store	55.77	62.38	56.53	42.66	33.40	30.18	28.96	22.70
Electronics	68.21	80.67	73.00	67.55	57.71	56.93	57.93	58.86
Eyewear	1.86	2.21	2.19	1.60	1.27	1.15	1.03	0.79
Fashion	59.88	78.72	94.29	85.38	75.86	77.22	80.99	84.10
Food	52.02	79.18	93.62	85.11	82.44	90.91	100.00	114.80
Furniture	39.42	35.59	35.42	25.72	20.69	19.58	19.16	17.70
Household Essentials	15.62	17.99	20.39	19.89	20.40	23.46	26.36	31.07
Media	38.79	44.53	41.46	32.32	25.06	22.31	21.93	16.23
OTC Pharmaceuticals	8.91	9.81	10.80	9.51	8.89	9.48	10.12	11.38
Tobacco Products	44.85	53.55	55.64	51.63	50.46	56.29	62.50	69.05
Toys & Hobby	12.36	14.33	13.53	10.54	8.76	8.41	8.42	8.57
Average	226.00	299.00	316.40	271.70	241.90	247.50	259.30	270.30

*Projected

Source : (Source: Statista Market Insights - www.statista.com)

The total average revenue per user in India's e-commerce market reached US\$ 316.40 in the year 2021 (due to the impact of Covid-19) but it declined to US\$ 241.90 in the year 2023. It is expected to increase to US\$ 270.30 by the year 2029. Aggregate user average revenue in terms of food, fashion and tobacco products is seen growing steadily due to strong consumer demand, while overall average user revenue in terms of products such as electronics, household essentials and beverages is seen growing steadily but at a slower pace. In contrast, DIY and product contexts such as hardware, eyewear, media, and toys and hobbies are facing challenges due to market saturation, narrow focus, or changing consumer preferences. By 2025, most products see stabilization in terms of overall average revenue per user.

CONCLUSION :

Indian retail businesses have undergone a radical change due to the continuous growth of the e-commerce market. This is a non-stop process. Today, in the world Like the leading global economies, India has the fastest growing online retail market. On the initiative of the government, an online marketplace has been made available at an attractive discount. Improvements in goods delivery, infrastructure and increased use of smartphones have led to rapid growth of the e-commerce market. The growth of e-commerce sector is playing an important role in India's economic progress. However, the e-commerce market is not well



established due to lack of adequate development in rural areas. Most of the customers are ignorant about online transactions. Some consumers avoid entering the e-commerce market due to fraud in online transactions. It would be advisable to further develop the e-commerce market in India through the deployment of facilities such as widespread e-commerce awareness, transaction security, universal availability of courier services, online transaction reliability etc.

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