

INDIAN SCENARIO OF E-COMMERCE AND ONLINE SHOPPING

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Abstract

In India, the journey towards cashless economy has started in recent days. In the journey towards digitalization of Indian economy, e-business has played a key role. A customer is no longer bound to opening times or specific locations of the retail outlets; he can become active at virtually any time and place and can purchase products and services. Though online shopping is very common outside India, its growth in Indian market is still not in line with the global market. The Indian retail sector is now moving from the brick-and-mortar model (physical retailing) to click-and-mortar model (online retailing) with the rapid adoption of internet by the typical population.

Key words: Online shopping, scenario

Introduction

The e-commerce industry in India has seen unprecedented growth in last few years. Eyeing India's substantial e-retail opportunity across multiple segments, investors have been aggressively funding the e-commerce sector. It has effectively linked all countries and business, and thus it has become a key medium for communication and for the products and services in virtual markets. As a medium, internet facilitates and offers a tremendously wide variety of e-commerce business opportunities. It has effectively linked all countries and business, and thus it has become a key medium for communication and for the products and services in virtual markets. As a medium, internet facilitates and offers a tremendously wide variety of e-commerce business opportunities.

Indian scenario of e-commerce and online shopping

In India, E-Commerce industry has been on an upward growth trajectory and is expected to surpass the U.S to become the second largest e-commerce market in the world by 2034. It is growing exponentially and the e-commerce market has the potential to grow than fourfold to US\$ 150 billion by 2022¹. Growing at an exponential rates, the market value of e-commerce industry in India was approximately US \$50 billion in 2018 which is estimated to reach US dollar 200 billion by 2027². The rapid growth of e-commerce in India over the last two decades was due to the rising internet and mobile phone penetration among the population, move towards digitalization of Indian economy and favourable market conditions.

Internet penetration in India has grown from just 4% in 2007 to 34.42% in 2017 registering a Compound Annual Growth Rate (CAGR) of 24% between 2007-2017. As of 2019 the overall internet penetration in India was 48.48% (Vide Table 1.1). Each month, India is adding approximately 10 million daily active internet users to the internet community supporting the E-Commerce industry which is the highest rate in the world³. With over 560 million internet users in the year 2020, India is the second largest country in the world in terms of the number of internet users, ranking behind China. It was a 11200% growth compared to the year 2000 in which the internet users were only 5 million⁴. It was estimated that by 2023, there would be over 650 million internet users in the country⁵. The internet penetration in urban area is twice (51%) of that in the rural area (27%)⁶. Nearly two-third of the internet population in India are daily users. Among the urban internet users 72 % are the daily users and in case of rural users it was 52 %. Nine out of 10 users in urban area access internet atleast once a week. Two- third of internet users in India are in the age group of 12 -29 years and young people aged 16- 29 are the most frequent users of internet in India. Among the internet users in India men constitute 67 % and women 33 %⁷. At the state level, New Delhi (69%) has registered the highest internet

¹ E-COMMERCE, www.ibef.org

² Statista 2021

³ E-Commerce, www.ibef.org

⁴ www.internetworldstats.com

⁵ Sandhya Keelery, Internet usage in India-Statistics & Facts, July 7, 2020.

⁶ India Internet 2019, Internet & Mobile Association of India (IAMAI) & Nielson Esimates

⁷ India Internet 2019, Internet & Mobile Association of India (IAMAI) & Nielson Esimates

penetration followed by Kerala (54 %), Jammu & Kashmir, Haryana, Himachal Pradesh and Punjab (49%) and Tamilnadu, it was 47 %⁸

Table 1.1
The trend Internet penetration in India

Year	Percentage
2007	4.00
2008	4.40
2009	5.10
2010	7.50
2011	10.10
2012	12.60
2013	15.10
2014	18.00
2015	27.00
2016	34.80
2017	34.42
2018	38.02
2019	48.48

Source: Economic Times Live mint, Department of Tele communication, Bain & company-Unlocking Digital for Bharat (Note: Internet penetration=Number of internet subscribers Per 100 population)

A majority of India's internet population accessed the internet via their mobile phones. In 2018, about 29 % of the country's total population were mobile internet users and this is expected to grow to over 35 % or approximately 500 million users by 2023⁹. A survey says that 89% of the urban users and 99 % of the rural users use mobile phone to access internet and the other devices used were laptops, desktop and tablet computers¹⁰. The increasing usage of internet and mobile phones penetration lead to the growth of online shopping in India. Availability of internet contents in local languages, growth of logistics and communication system, move

⁸ India Internet 2019, Internet & Mobile Association of India (IAMAI) & Nielson Esimates

⁹ Sandhya Keelery, Internet usage in India-Statistics & Facts, July 7, 2020.

¹⁰ India Internet 2019, Internet & Mobile Association of India (IAMAI) & Nielson Esimates

towards cashless transactions and favourable attitude of the buyers towards online shopping are the other driving factors towards the growth of e-commerce in general and online shopping in specific. As a result, number of online buyers has an exponential increase in a short span of time (vide table 1.2). Within a short period of six years from 2014 – 2020 the increase was six fold and India has secured the highest Compound Annual Growth Rate (CAGR) among the major economies in online sales at 70% in the online retail market over the year 2012-2017. However, as of 2016 2017, online retail market made up 1.5 % of over retail market in India and in the year 2019 it was 1.6 % whereas the global ratio was 14 % and in China 15 %¹¹. In the year 2020 the rate is increased to 4% which is projected to increase to 8% in 2025¹².

Table 1.2
Number of Digital Buyers in India 2014-2020

Year	Number (in Million)
2014	54.1
2015	93.4
2016	130.4
2017	180.1
2018	224.1
2019	273.6
2020	329.1

Source: Statista 2021

India is one of the largest market for e-commerce players. The market is filled with local advertisement and foreign companies. There are more than 19000 +e commerce companies in India which are of global presence or India based¹³. Among them, Flipkart rank first in term of gross merchandise value as on the year 2018 (31.9%) which is followed by Amazon (31.2%). In term of monthly visits, Amazon India ranks first (322.54 million) which is followed by Flipkart (242.62 million). Myntra, Paytm mall, Snapdeal, BigBasket, Indiamart, BookMy Show, Alibaba,

¹¹ <https://m.economictimes.com>retail>

¹² <https://www.ibef.org>idusrty>ecommerce>

¹³ <https://www.easyleadz.com>blog>

Nykaa, Firstcry and 1mg are the other major players of e-commerce in India.(Vide Table 1.3& Table 1.4)

Table 1.3
Top 10 E-commerce sites in India 2020
(In terms of monthly visitors)

E-commerce sites	Monthly visitors (In million)
Amazon.in	322.54
Flipkart	242.62
Snapdeal	56.41
Myntra	48.03
India Mart	47.23
Book my show	43.25
Nykaa	20.84
First cry	16.94
1mg	14.62
Alibaba	7.37*

Source: [https:// e-commerce guide.com](https://e-commerce.guide.com)>top (*175.95 million globally and 4.19% in India).

Through the above e-commerce sites, the sellers offer varieties of products and services to the Indian buyers. But most of the buyers in India buy online the product like apparels, mobile phones, and other consumer electronics, books and stationeries, footwear, jewellery and fashion accessories, beauty products etc. Among them, consumer electronics and apparels top the list and both segments share 80 % of the online retail market(Table1.4).

Table 1.4
Shares of e-commerce retail market segments by value in India 2020

Market Segments	Share of e-commerce
Consumer Electronics	40%
Apparels	40%
Food & Grocery	7%
Jewellery	7%
Furniture	4%

Others	2%
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Source: Statista 2021

Despite the internet and mobile phone penetration and increasing trend in the volume and value of e-commerce and online shopping, it is still in early development stage in India. Eventhough India is the second largest country having growing population with an exponential increase in the percentage of internet users the number of internet users per 100 inhabitants is only 20 as on 2018 whereas in China it was 54 and in Japan it was 91. The number was 88 and 93 in case of the developed countries such as US and UK respectively¹⁴. Further, India is still a cash obsessed economy and cash is the most accepted payment mechanism. Debit card and credit card penetration is also less compared to other developed countries.

Conclusion

The E-Commerce industry in India may currently be behind its counterparts in a number of developed countries and even some emerging markets. All these indicate that Indian e-commerce market and the scope for online shopping are still to be exploited.

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¹⁴ <https://www.data.worldbank.org>