



## SECTOR OVERVIEW

The e-Commerce Sector involves trade and commerce of goods and services using electronic media and information technology such as Electronic Data Interchange (EDI), where information is exchanged in an electronic format.

In the recent years, India has experienced a boom in internet and smart phone penetration and by 2023, there would be an estimated (a) 907.4 Million total internet users (64% of population) and (b) 966.4 Million total mobile users (68% of population).

India's e-commerce sector has transformed the way business is done in India and has opened up various segments of commerce ranging from business-to-business (B2B), direct-to-consumer (D2C), consumer-to-consumer (C2C) and consumer-to-business (C2B). Major segments such as D2C and B2B have experienced immense growth in recent years. India's D2C market is expected to reach USD 60 Billion by FY27 and the overall e-commerce market is also expected to reach USD 350 Billion by 2030.

## TYPES OF E-COMMERCE

The major types of E-Commerce are as follows:

- Business to Business (B2B): e.g. Walmart Business, Alibaba
- Business to Consumer (B2C): e.g. Amazon, Flipkart, Walmart, Meta (formerly Facebook)
- Consumer to Consumer (C2C): e.g. Olx, Quikr, eBay.
- Consumer to Business (C2B): e.g. Google AdSense
- Business to Business to Consumer (B2B2C): e.g. UpWork, where (a) various businesses post their projects on the platform, (b) which are then bid on by freelancers; (c) then the businesses choose the bids they like and award the project to the freelancer.



**E-Commerce in India can be broadly categorized as follows:**



- ✓ Domestic and Cross-Border
- ✓ B2B and B2C
- ✓ Marketplace and Inventory based
- ✓ Single Brand and Multi Brand



## MARKET SIZE



- The Indian e-Commerce Market is expected to have an annual gross merchandise value of USD 350 Billion by 2030.
- The India's online shopper base is expected to be the 2<sup>nd</sup> largest globally by 2030, with nearly 500-600 Million shoppers.
- In 2021, digital wallets were the leading payment method for e-commerce transactions with a share of 45.4% and by 2023, digital wallets are projected to overtake cash as India's leading point of sale payment method.

## GOVERNMENT INITIATIVES

Some of the major Government initiatives taken to promote e-Commerce in India are as follows:



- ❖ As on February 01-02-2023, the Government e-Marketplace (GeM) has achieved a staggering Rs. 1.5 Lakh Crore (USD 18.2 Billion as on 03-04-2023) of Gross Merchandise Value (GMV) in FY23. Looking at the current run rate, GeM is expected to exceed its annual target of Rs. 1.75 Lakh Crore (USD 21.2 Billion as on 03-04-2023). GeM Portal features over 11,000 product categories with more than 29 lakh listed products, as well as over 270 service categories with more than 2.5 lakh service offerings.
- ❖ The Consumer Protection (E-Commerce) Rules 2020 notified by the Ministry of Consumer Affairs, Food and Public Distribution in July 2020, directed e-commerce companies to display all relevant details including the country of origin alongside the product listings, to enable the consumer to make an informed decision at the time of purchase.
- ❖ Under the Digital India Scheme, the Government launched various initiatives like Umang (to access pan India e-Government services), Start-up India (to enable eligible companies to get recognized as Startups), Bharat Interface for Money (BHIM) etc (to boost seamless online payments).

- ❖ The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry has launched an online portal ‘Open Network for Digital Commerce (ONDC)’ as a not-for-profit organization in 2021. This Portal facilitates the buyers on one e-commerce app to connect with sellers listed on another e-commerce app, provided both the e-commerce apps are registered on the ONDC network. This model is similar to how the Bharat Interface for Money (BHIM) works, where, transfer of money is enabled between a sender using a particular bank app to a receiver who is using a same or a different bank app.

### **FOREIGN DIRECT INVESTMENT**



- ✓ In order to increase the participation of foreign players in e-Commerce, the Indian Government has allowed 100% FDI in e-Commerce marketplace model through Automatic Route. Marketplace based model of e-Commerce means providing of an information technology platform by an e-commerce entity on a digital / electronic network to act as a facilitator between buyers and sellers.
- ✓ In 2023, Japanese Sportswear Firm, ASICS (Anima Sana In Corpore Sano) reportedly announced its plans to manufacture 30% of its goods in India for local retailing / sourcing, so that it can set up its own stores by 2026.
- ✓ In February 2022, Flipkart launched the “sell back program” to enable users of to sell their old / used smartphones on the Platform.

### **ROAD AHEAD**

The e-Commerce Sector has been impacting micro, small and medium enterprises (MSME) in India by providing means of financing, technology and training and has a cascading effect on other industries as well. The Indian e-Commerce Sector is expected to surpass the USA to become the second-largest e-Commerce market in the world by 2034. Technology-enabled innovations like digital payments, digital advertisements, etc are likely to support the growth in e-Commerce Sector.

The growth in the sector will further encourage employment, increase revenues from export, increase tax collection by exchequers, and provide better products and services to customers in the long term.



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