

India E-Commerce - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The India E-Commerce Market size is estimated at USD 112.93 billion in 2024, and is expected to reach USD 299.01 billion by 2029, growing at a CAGR of 21.5% during the forecast period (2024-2029).

One of the primary factors driving the market's growth is rapid urbanization. Additionally, rising internet penetration and devices such as smartphones, laptops, and tablets to access e-commerce websites boost the market's growth. E-commerce allows businesses to conduct business without maintaining a physical presence, saving money on infrastructure, communication, and overhead.

Key Highlights

- The policies introduced by the Government of India, including 100% FDI in B2B E-commerce through the automatic route in the marketplace model of B2C E-commerce, are projected to boost the sector's growth. As per the new FDI policy, online entities, through foreign investment, cannot offer the products sold by retailers in which they hold an equity stake.
- According to the India Brand Equity Foundation (IBEF), the Indian government's Digital India effort aims to drive it into an online economy worth trillions by 2025. It has led to the formation of a new steering group to review and analyze the development of an e-commerce platform for the government.
- The commerce ministry has started a new committee to review the Open Network for Digital Commerce (ONDC) strategy. ONDC is an e-commerce platform that the government is supporting and aims to provide the final shop's infrastructure, which will resemble Flipkart and Amazon. Such developments are expected to drive the studied market.
- According to IBEF, by 2024, online retail penetration will reach 10.7%, up from 4.7% in 2019. Likewise, by 2025, India's internet buyers will number 220 million. According to a Payoneer report, India's e-commerce sector is ranked 9th in the world for cross-border growth. E-commerce in India is expected to grow from 4% of total food and groceries, fashion, and consumer

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electronics retail sales in 2020 to 8% by 2025.

-Expansion of e-commerce can raise competition in retail markets, increase consumer choice, and motivate and expedite product distribution innovation. However, several competition agencies' recent enforcement and advocacy work have revealed the possibility of anticompetitive behavior in the internet context. Concerns about potential market fragmentation are significant among many organizations that have looked into the topic of e-commerce competition.

-The pandemic-induced lockdown and mobility restrictions represented a significant point for e-commerce in India, driving demand to new highs, bringing new shoppers and sellers into digital platforms, and offering players long-term growth. Containment efforts introduced people to the convenience of online buying and motivated online buyers to buy more, making the Indian e-commerce business one of the significant beneficiaries of the pandemic.

India E-Commerce Market Trends

Internet Plays a Significant Role in Market Growth

- As per IBEF, internet and smartphone usage has fueled most of the industry's expansion. Because of the 'Digital India' campaign, internet connections expanded dramatically to 850 million in 2022. According to TRAI, as of September 2022, rural internet subscribers were over 343.8 million in India and 507.8 million in its urban counterpart.

- According to TRAI, in 2022, India had over 1020.91 million wireless mobile subscribers. The majority of traffic that year came from a 4G data payload.

- Due to a lack of confidence and security concerns with internet payments, cash payments have traditionally been the favored payment method in India. However, digital payments are predicted to account for 80% of all transactions in India by 2025 due to a large young population with smartphone access. The Indian market has been adopting digital eWallets quicker than the United States, the United Kingdom, and China, according to ASSOCHAM (the Associated Chambers of Commerce and Industry).

- Presently, 5G is among the most invested technologies by several end-user industries in the market. 5G connectivity further opens up various use cases in increasing the efficiency of varied sectors. With the growing proliferation of technology in smartphones, consumers are increasingly expecting digital engagement and personalized experiences overall.

Consumer Electronics is a Strong Contributor to the Market's Growth

- According to the Indian Brand Equity Foundation, in October and November 2021, e-commerce companies recorded significant-high sales of consumer electronics across platforms owing to increased buying during the holiday season. Flipkart Group emerged as one of the prominent players with intensifying competition from Amazon throughout the festive season in the country.

- India's refrigerator, washing machine, and air conditioner markets held a significant market share, with washing machines leading. According to the India Cellular & Electronics Association (ICEA), India's laptop and tablet manufacturing industry could be worth USD 100 billion by 2025. Such a massive increase in the consumer electronics market may allow Indian e-commerce players to increase their online product line. It may open new online sites specific to the consumer electronic market.

- By creating an electronic components manufacturing base in India and boosting exports, IT companies focus on entering the Indian consumer electronics market. Consumer electronics companies are focusing on the smart wearables sector in India. According to FDI India, by 2025, the Indian Electronics Manufacturing Service (EMS) industry is estimated to have grown 6.5 times from USD 23.5 billion to USD 152 billion.

- India is expected to exhibit remarkable growth in the soundbar segment. Factors such as increasing disposable income and features, such as high-definition (HD) smart TVs with built-in Wi-Fi for connectivity to Netflix, Amazon Prime, and YouTube, among

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other online streaming channels, significantly increase consumer spending on these devices. Such trends may drive the studied market.

India E-Commerce Industry Overview

In India, the competition in the e-commerce market has increased as the customer's adoption of online sales channels has grown. An increase aids this growth in internet penetration. Brands such as Amazon, Flipkart, and many more expand their reach by providing customer-centric services that enhance customers' online shopping experience.

- February 2022: Amazon India partnered with Invest India and the Indian Industries Association (IIA) to launch the India ODOP Bazaar on the Amazon India platform. Hundreds of ODOP and Geographical Indication (GI) products from local businesses across India will be displayed at the India ODOP Bazaar. Handlooms and handicrafts made by local Indian artisans and locally produced agricultural products from across India will be highlighted on the storefront.

- January 2022 - Flipkart, India's native e-commerce platform, stated that it had expanded its grocery operations to serve customers in Tier 2 and Tier 3+ cities such as Ajmer, Amritsar, Bhuj, and Bokaro Daman & Diu, Dehradun, Kanyakumari, and others. Flipkart Grocery is now accessible in 23 states nationwide, with 1,800 cities and 10,000 PINs. Consumers in these cities will now shop for groceries from a range of more than 6,000 items.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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