

**AN ANALYTICAL LITERATURE REVIEW EXAMINING THE DEVELOPMENT OF  
E-COMMERCE IN INDIA**

**MUHAMMED SHA S<sup>1</sup>**;

**Dr. P.V. LAL WILSON<sup>2</sup>**

<sup>1</sup> **MUHAMMED SHA S**, Full time Ph.D., Research Scholar (Reg. No. 20113111101047),

Department of Commerce, Nesamony Memorial Christian College, Marthandam,  
Kanniyakumari District, Affiliated to Manonmaniam Sundaranar University, Abishekapatti,  
Tirunelveli– 627012, Tamil Nadu, India.

<sup>2</sup> **Dr. P.V. LAL WILSON**, Head of the Department (Guide), Department of Commerce,  
Nesamony Memorial Christian College, Marthandam, Kanniyakumari District, Affiliated to  
Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli, – 627012 Tamil Nadu, India.

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**ABSTRACT**

In today's technology-driven world, advancements in all forms of business have paved the way for electronic transactions on a global scale, shrinking the world into a global village. E-commerce, which refers to buying and selling goods or services, or transferring funds or data over the internet, has emerged as a significant player in the market. It encompasses various types of transactions, such as business-to-business, business-to-consumer, consumer-to-consumer, or consumer-to-business. E-commerce has brought numerous benefits to society, including cost-effectiveness, increased efficiency, customization, vast options, and time-saving. Consumers can easily purchase goods from the comfort of their homes or offices with just a click of a mouse button. Furthermore, online services such as banking, e-ticketing, bill payments, and hotel bookings have been tremendously beneficial for customers. However, this study aims to analyze the evolution, growth, benefits, drawbacks, and challenges of e-commerce. This review highlights the critical role that e-commerce plays in India's economy and provides valuable insights into the opportunities and challenges facing the industry. The findings of this review have important implications for policymakers, practitioners, and researchers interested in understanding the development of e-commerce in India and its potential impact on the broader economy. Further research is needed to explore in-depth the implications of e-commerce for the Indian economy and to provide insights into how the sector can be leveraged for inclusive economic growth.

**Keywords:** e-commerce, India, Services, Business, Technology

## I. INTRODUCTION

E-commerce refers to the purchase and sale of goods and services using electronic mediums such as computers, mobile phones, and television. It provides a wide range of services to a large customer base and presents businesses with ample market opportunities. E-commerce is often used interchangeably with e-business, which covers not only e-commerce but also other electronic business methods such as risk management, financing, and manufacturing. E-commerce specifically deals with financial transactions involving the buying and selling of goods through the internet. Apart from facilitating buying and selling, e-commerce is also useful for information collection, fund transfers, and communication between individuals and organizations. It encompasses various business activities that use computer networks and information technology, such as electronic data interchange and online transactions. These activities include electronic fund transfers, e-retail, e-consumer service, e-supply chain management, e-data exchange, internet marketing, e-learning, inventory management, and computerized data collection systems. **Rolf T Wigand (1997)** defines electronic commerce as the seamless application of information and communication technology along the value chain of business processes to achieve business goals. **E Turban (2002)** describes e-commerce as the process of exchanging products, services, and information via computer networks, including the internet. According to the University of Iowa, electronic commerce involves any actions related to contact between two trade partners in the creation and distribution of tangible products and services, conducted via the internet and other telecommunications-based instruments, as defined by **Roger Clarke (1999)**.

The aims of this article are:

- ❖ To study historical background of the study
- ❖ To investigate merits and demerits of e-commerce.
- ❖ To assess the challenges faced by e-business.

## II. OVERVIEW OF E-COMMERCE IN INDIA

### A. Historical background

The beginning of e-commerce dates back almost 40 years ago when companies started developing a way to exchange data from one computer to another, which eventually led to the

creation of e-commerce as we know it today. The history of e-commerce is closely connected to the evolution of the internet, which made online purchasing feasible. The 1970s saw the emergence of teleshopping and electronic data interchange, which paved the way for modern e-commerce. Michael Aldrich invented online shopping in 1979 using a customised television connected to a transaction-processing computer via telephone. The first consumer online shopping experience was created in 1992 by Charles M. Stack. Other significant milestones include the creation of eBay and Amazon in 1995, PayPal's introduction of online payment in 1998, and the launch of Alibaba's online retail platform in 1999. The years that followed saw a surge in e-commerce growth, with the emergence of platforms such as Etsy, BigCommerce, Jet.com, and Apple Pay. In 2017, Instagram released shoppable tags, and Cyber Monday sales surpassed \$6.5 billion. The detailed history is given in below table:

**Table 1 list of major historical events in e-commerce**

1969	start CompuServe, the first big eCommerce firm
1979	Michael Aldrich conceived about electronic commerce
1982	Boston Computer Exchange introduced the first eCommerce platforms
1992	First consumer online shopping experience
1994	Netscape Navigator, the first web browser tool
199	Jeff Bezos founded Amazon, whereas Pierre Omidyar founded eBay.
1998	PayPal introduced the first online payment system.
1999	Alibaba launched its online retail platform
2005	Amazon introduced the Amazon Prime programme
2005	Square, Inc. is founded as an app-based business.
2005	creation of BigCommerce, an online shop platform
2011	Google releases its app for paying online with a wallet.
2014	Apple released an app called Apple Pay that lets people pay online.
2014	An internet shopping platform called Jet.com was launched that

	year.
2017	Instagram releases shoppable tags

## B. Categorization of E-commerce

Currently, e-commerce models are classified into following main categories: Business to business (B2B), Business to consumer (B2C), Consumer to consumer (C2C), and Consumer to business (C2B).

- ❖ **B2B** refers to transactions between companies, such as manufacturers and wholesalers, or wholesalers and retailers (**V. Kumar and G. Raheja 2012**), and can include a wide range of intercompany transactions, including purchases of services or technology, and certain types of financial transactions, such as insurance, bonds, and other financial assets (**Jewels and Timbrell 2001**).
- ❖ **B2C** involves the exchange of products or services between a company and a consumer, and is considered the largest and most extensive e-commerce market. (**Jewels and Timbrell 2001**)
- ❖ **C2C** involves interactions between customers, enabling them to locate and communicate with one another, and trade or exchange goods of interest. An example of a C2C selling market is OLX in India. (**Chamikutty 2013**)
- ❖ **C2B** is a new e-commerce business model where individuals who own sole proprietorships sell products or services to companies. (**Zhu 2015**)

Other types of e-commerce models include Business to administration or government (B2G), Consumer to administration, mobile commerce (M-commerce), among others.

## C. Growth of e-commerce in India

E-commerce is a recent notion that emerged about two decades ago with the growth of the internet and mobile phones. In the US and China, e-commerce has made significant strides to achieve annual sales of over USD 150 billion, while the sector in India is still in its infancy. From \$3.8 billion in 2009 to \$12.6 billion in 2013, this industry's compound annual growth rate was around 35%. (**CAGR**). In 2018, it exceeded USD 69 billion. By 2020, it is anticipated that the Business to Consumer (B2C) e-commerce sector would be worth 120 billion US dollars. In

terms of Gross Merchandise Volume, the Indian e-commerce sector is anticipated to reach US\$ 220 billion and 530 million consumers by 2025. (GMV)

Higher speeds on reliable telecommunications networks, quicker adoption of online services, more variety, and convenience are the primary drivers of this development. (**India's retail sales: ASSOCHAM – Resurgent study 2018**)

According to India brand Equity Foundation's most recent "Indian E-commerce Industry Study" 2019 research (**IBEF - an Initiative of the Ministry of Commerce and Industry, Government of India**), the Indian e-commerce sector has demonstrated a growing development trajectory and is anticipated to surpass the US to become the second biggest e-commerce market in the world by 2034. E-commerce demand is anticipated to increase from Rs 2,69,076.5crore (US\$ 38.5 billion) in 2017 to Rs 13,97,800 crore (US\$ 200 billion) by 2027.

#### **D. Current state of e-commerce in India**

India's e-commerce market was estimated to be worth USD 3.8 billion in 2009, but by 2014 it had grown to USD 17 billion and USD 23 billion, USD 49 billion in 2015 and 2016, and USD 69 billion in 2018. The business-to-consumer (B2C) e-commerce sector is anticipated to reach US\$ 120 billion by 2020. Undoubtedly, the retail business will undergo a change in the years to come as a result of e-commerce. The expanding selection of goods offered at the lowest prices is the main draw of the theme. The variety of possibilities and the reduced price are the additional justifications for going farther in the area. The industry's overall size was around US\$ 600 billion in 2016, with a CAGR of 7.45% since 2000. The retail industry is anticipated to rise to US\$ 1.3 trillion by 2020, with a CAGR of 9.7% between 2000 and 2020. The growth rate for those who work in online retail is also increasing. Such folks utilise the internet to purchase whatever they need, including housing, groceries, books, and diapers. E-commerce revenue for the nation reached 14 billion US dollars in 2012.

According to predictions made in 2016, India's buying habits would change over the next several years. The Indian internet retail sector is anticipated to grow rapidly. This expanding tendency supports the development of India's expanding middle class, rising disposable income, and busy living conditions in major cities. Because to alluring promotions and active marketing of an ever-expanding variety of goods from fashion to jewellery, from electronics to books, it is

predicted that average online sales in India would rise from 66% in 2015 to 78% in 2016. Around 87 million clients made online purchases in 2018, and 103 million are anticipated this year. Online commerce is expanding because to solid infrastructure, internet, and gadgets that can connect to the Internet. According to the survey, the expansion of e-commerce has been fuelled by aggressive marketing and pricing from daily deals and flash discounts, more online loyalty programmes, and users' rising adoption of smart phones and tablets. The popularity of smart phones and tablets among consumers is a key factor in the expansion of online shopping. By 2019, mobile phone sales will account for 49% of all e-commerce revenue, up from 25% now. The market for e-commerce is expanding at an exponential rate. During the course of the last year, the number of Indians who have begun making purchases online has increased to between 8 and 10 million.

### III. BENEFITS OF E-COMMERCE IN INDIA

Considering how convenient and time-saving it is, online shopping has grown highly popular. E-commerce has several advantages, such as being available 24/7, being quick, having a vast selection of products and services, being simple to use, and having a global reach. (Siddiqui, U 2017)

- ❖ **Broad accessibility:** Businesses may stock a wide variety of products in many locations and ship them to customers when they place an online order. Users will be able to more quickly find their desired products.
- ❖ **Availability:** With the exception of scheduled downtime, customers may browse and make purchases at their convenience whenever they visit an e-commerce site. Traditional shops often operate within established business hours and may even close permanently at some points throughout the week.
- ❖ **Quickness of access:** In contrast to the slowdown that large crowds may cause in a brick-and-mortar shop, the computational and bandwidth issues of both the consumer gadget and the e-commerce site mean that they can move quite quickly. Each page in the store's shopping cart and on the store's product pages loads in less than a second. It just takes a few mouse clicks and around five minutes to complete an online transaction.

- ❖ **Accessibility is simple:** Customers perusing a physical shop could become frustrated trying to track for a certain product. Users may quickly find what they're looking for on the site by utilising the search bar, and they can also browse the many product categories right away.
- ❖ **Reaching a global audience:** Companies that operate out of brick-and-mortar sites often cater to customers who go to their stores specifically to make purchases. E-commerce allows companies to reach any consumer with an internet connection. Increasing a business's audience is one of the many benefits of embracing e-commerce.
- ❖ **Reduced price:** As compared to traditional retailers, online-only businesses save money on overhead costs like storefront rent, inventory, and employee salaries. Nevertheless they may be held accountable for storage and transport costs.
- ❖ **Product suggestions and personalization:** With e-commerce platforms, it is possible to trace a customer's every click. Perhaps, they would collect data about desired consumers and use it to provide individualised product recommendations. Instances of this may be seen in Amazon's "Frequently bought together" and "Customers who viewed this item also viewed" sections.

#### IV. DEMERITS OF E-COMMERCE IN INDIA

Some of the problems with online shopping include slow shipping delays, a lack of personal interaction with the goods before purchasing, and unreliable customer support.(Siddiqui,U 2017)

- ❖ **Inadequate product exposure:** Seeing pictures of a product online might give a good notion of what it's like, but it can't replace actually utilising the item, as when play an instrument, judge the picture quality of a television, or try on clothing. While shopping online, customers run the risk of receiving items that aren't up to par. The buyer is expected to pay the return shipping costs in certain cases. With the use of augmented reality technology, shoppers will have a better chance of making informed purchases while shopping online.
- ❖ **Poor customer service:** If one have a question or need help with anything at a physical business, just ask to speak to a clerk, cashier, or manager. It's possible that an online

store's customer support options could be unclear or insufficient, or that it will only be available during certain hours.

- ❖ **Waiting time:** After making their purchases and paying for them, customers take their purchases home. Online shoppers have to be patient as they await delivery of their purchases. Even while next-day and even same-day delivery are gaining popularity, the shipping windows for these services are becoming narrower.
- ❖ **Safety:** Competent cybercriminals might theoretically establish up shops peddling recognisable brand names and services that seem to be legitimate. Customers' credit card details are stolen, or they are sent counterfeit goods. Even well-known e-commerce platforms provide some degree of danger, especially when customers choose to "save" their credit card information with the retailer. If the store's website is hacked, criminals might potentially get this information. A data leak might damage a store's credibility with customers.

## V. CHALLENGES FACED BY E-COMMERCE

Technology offers many advantages to the globe but there are so many challenges to be confronted by the society as well. In the world of e-commerce big companies are entered, this situation will give a tough competition for the small scale industry to the online business. Big companies are making people habitual at the cost of their companies. Beyond those changes in environment, law and regulations may lead to reduction in the usage of e-commerce. Nowadays people prefer more innovation in their products which is a threat to the e-commerce. In addition to reduce the threat of e-commerce, innovation in business must be in relation to marketing mix. On using E-commerce there are many privacy related issues. There is a fear that information provided can be misused like carding, e-mail spamming and fraudulent. In electronic commerce there is a no direct contact between customer and seller, so there is no possibility of bargaining of products. Due to this people prefer offline system rather than e-commerce. Persons using unfair means to operate e-commerce can damage the confidence and faith of common people or customer. Unauthorized persons use the e-commerce in an illegal way which threatens the customer to have a transaction through the internet. Customers run the danger of receiving an unfair product after it has been sent to them since they cannot imagine what it will



look like in their hands. According to experts, these are the most significant problems plaguing the e-commerce industry today.

## VI. FUTURE PROSPECTS FOR E-COMMERCE GROWTH IN INDIA

India's e-commerce sector has experienced rapid growth in recent years and has huge potential for further expansion. Some of the future prospects for e-commerce growth in India include:

- ❖ **Increased penetration of mobile devices:** With the increasing use of smartphones and cheap data plans, a significant number of Indian consumers are accessing e-commerce platforms through mobile devices. The trend is expected to continue, and e-commerce companies are likely to invest more in mobile-based solutions to improve user experience and reach untapped customers.
- ❖ **Expansion into smaller cities and rural areas:** While e-commerce has been predominantly concentrated in larger cities, the penetration of online shopping in smaller towns and rural areas is expected to increase in the coming years. E-commerce companies are expected to explore innovative strategies to reach these untapped markets, such as establishing local warehouses and partnering with local retailers.
- ❖ **Adoption of new technologies:** With the increasing use of Artificial Intelligence (AI), Augmented Reality (AR), and Virtual Reality (VR), e-commerce companies are likely to adopt these technologies to improve customer experience and engagement. For example, AR and VR could be used to provide customers with a virtual try-on experience for clothes and accessories.
- ❖ **Emergence of new business models:** In addition to the traditional B2B, B2C, and C2C models, new e-commerce business models are likely to emerge, such as social commerce and voice commerce. Social commerce leverages social media platforms to facilitate online transactions, while voice commerce uses voice-activated devices like smart speakers to make purchases.
- ❖ **Greater emphasis on sustainability:** Consumers are becoming increasingly aware of the environmental impact of e-commerce, and e-commerce companies are likely to focus more on sustainable practices such as reducing packaging waste and carbon emissions.

Overall, the future prospects for e-commerce growth in India are promising, and e-commerce companies are expected to leverage technology and innovative strategies to reach untapped markets and improve customer experience.

## VII. CONCLUSION

In summary, in the years to come, the industry of electronic commerce will be a one of the leading sectors in the field of electronic business. The revolution in electronic commerce has huge positive impact on the transaction industry by fast offering new markets and crossing edges. It greatly affected the conventional market system in the world and made it possible to improve the lives of people. Although it provides customers and sellers rewards, e-commerce poses conventional businesses with obstacles to a sustainable place. Developing countries pose a range of challenges to the effective conduct of e-commerce when contrasting it with developing countries. When Internet prices are minimal, e-commerce flourishes quickly and many companies are typically drained.

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