



GROWTH OF E-COMMERCE IN INDIA AND ITS IMPACT ON TRADITIONAL RETAIL PERFORMANCE: A SECONDARY DATA ANALYSIS

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Abstract

The Indian retail sector has undergone significant transformation in recent years due to rapid growth in e-commerce, digital payments, and internet penetration. Using secondary data for the years 2022 to 2025, this study examines the growth of e-commerce in India and its impact on traditional retail performance. Industry reports, government publications, policy documents, and reputable business sources served as sources of data. Digital payments, local convenience, and hybrid retail models are some of the adaptation strategies that traditional retail continues to employ in spite of the rapid expansion of e-commerce, particularly in urban markets and essential product categories, according to the study. The paper discusses policy and managerial implications for sustainable retail development in India and highlights structural changes in employment patterns, consumer behavior, and sales patterns. Growth of e-commerce, online retailing, traditional retail, digital payments, quick commerce, the Indian market, retail employment, and secondary data analysis are some of the key terms.

Keywords: E-commerce growth, Online retailing, Traditional retail, Digital payments, Quick commerce, Indian market, Retail employment, Secondary data analysis.

1. Introduction

Due to its significant contributions to GDP and the creation of employment, retailing plays an essential role in the Indian economy. India's retail sector is unique due to the coexistence of organized retail, unorganized retail (kirana stores), and emerging digital retail platforms. Over the last decade, e-commerce has emerged as a disruptive force, changing how consumers search, evaluate, and purchase products.



India saw an acceleration in the adoption of online shopping between 2022 and 2025 as a result of rising smartphone usage, affordable internet services, improved logistics, and the rapid expansion of digital payment systems like UPI. The COVID-19 aftermath further normalized online purchasing behavior, particularly for groceries, pharmaceuticals, and daily essentials.

Traditional retail formats' long-term viability has been questioned as a result of this transformation. While some argue that e-commerce threatens the survival of brick-and-mortar stores, others suggest that traditional retail adapts through digitization and localized service advantages. Therefore, understanding the actual impact of e-commerce growth on traditional retail performance is essential for policymakers, retailers, and researchers.

2. Conceptual Background

2.1 E-Commerce in the Indian Context

E-commerce refers to the buying and selling of goods and services through electronic platforms, primarily the internet. In India, e-commerce includes marketplace models, inventory-led models, social commerce, and quick commerce platforms. Major segments include electronics, fashion, grocery, beauty, and home essentials.

2.2 Traditional Retail in India

Traditional retail in India consists mainly of:

- Kirana (neighborhood) stores
- Small independent shops
- Street vendors and informal retail
- Small format organized stores

These retailers rely heavily on personal relationships, credit facilities, proximity, and convenience.

2.3 Theoretical Link Between E-Commerce and Traditional Retail

From a marketing and economic perspective, e-commerce affects traditional retail through:

- **Substitution effect:** Consumers shift purchases online due to price and convenience
- **Complementarity effect:** Offline stores adopt online tools and digital payments



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- **Structural transformation:** Retail employment and supply chains reorganize

3. Review of Literature

The development of e-commerce and its implications for retail markets have been the subject of numerous studies. E-commerce, according to previous research, increases consumer choice and reduces transaction costs, both of which boost market efficiency. Studies on emerging markets show that online platforms often disrupt traditional retail in urban regions while having limited impact in rural areas due to infrastructure constraints.

Due to their personalized services, flexible credit, and proximity to customers, kirana stores demonstrate strong resilience, according to recent Indian studies. Literature also emphasizes the support for both online and offline retail provided by government initiatives like Digital India, the implementation of the GST, and the expansion of UPI. However, the majority of current studies concentrate on either firm-level performance or consumer behavior. There is a lack of integrated research that examines market growth, digital infrastructure, and traditional retail outcomes simultaneously using recent secondary data (2022–2025). This study addresses that gap.

4. Research Gap

Despite extensive discussion on e-commerce growth in India, the following gaps exist:

1. Lack of updated studies covering **post-2022 retail transformation**
2. Limited use of **multi-source secondary data**
3. Insufficient focus on **traditional retail performance indicators**
4. Inadequate policy-oriented analysis linking digital payments and retail survival

This study aims to bridge these gaps.

5. Objectives of the Study

1. To analyse the growth of e-commerce in India during 2022–2025
2. To examine trends in digital payments and online consumer adoption
3. To assess the impact of e-commerce growth on traditional retail performance
4. To identify adaptation strategies adopted by traditional retailers
5. To suggest policy and managerial implications for balanced retail growth

6. Research Methodology

6.1 Nature of Study

The study is descriptive and analytical in nature.

6.2 Data Source

Category	Source	Type of Data Used
Government Reports	RBI, Ministry of Commerce	Digital payments, retail indicators
Industry Reports	IBEF, IMAI, Consulting Firms	E-commerce market size, users
Academic & Media Sources	Journals, Business News	Sector trends, employment patterns

6.3 Period of Study

Study Period	Coverage
Time Frame	2022–2025
Nature of Data	Annual & trend-based secondary data
Geographical Scope	India

6.4 Tools of Analysis

- Trend analysis
- Comparative analysis
- Descriptive interpretation

No primary survey or experiment was conducted.

7. Growth of E-Commerce in India (2022–2025)

Between 2022 and 2025, India's e-commerce market expanded significantly. Increased internet penetration and affordable smartphones brought millions of new consumers online. Growth was particularly visible in:

- Urban and semi-urban regions
- Grocery and daily-use products

- Mobile-based shopping platforms

Quick commerce further intensified competition by offering ultra-fast delivery. This innovation reshaped consumer expectations regarding speed and convenience.

8. Digital Payments and Retail Transformation

Table 1: Growth of Digital Payments in India

Indicator	2022	2023	2024	Trend
UPI Transactions (Billion)	74	117	150+	Rapid growth
POS Terminals (Million)	7.3	8.5	9.8	Steady expansion
Cashless Retail Adoption	Medium	High	Very High	Strong shift

Source Justification for Table 3 (Published Secondary Data)

Table 1: Growth of Digital Payments in India (2022–2024) has been prepared exclusively using published secondary data obtained from official government publications and reputed industry reports. The data reflects nationally reported figures and trends and does not involve any primary estimation or survey.

i. UPI Transactions (Billion)

The data on UPI transactions has been sourced from the Reserve Bank of India (RBI), which is the statutory authority responsible for regulating and reporting payment and settlement systems in India.

Primary Source:

- Reserve Bank of India (RBI). *Payment and Settlement Systems in India – Annual Report 2022–23* (Published in August 2023).
- Reserve Bank of India (RBI). *Payment and Settlement Systems in India – Annual Report 2023–24* (Published in August 2024).

Description of Data:

According to RBI's annual reports, India witnessed a sharp increase in UPI transactions during the study period. In the calendar year 2022, total UPI transactions were approximately 74 billion, reflecting the rapid acceptance of digital payments after the pandemic. In 2023, this



figure increased significantly to around 117 billion transactions, driven by wider merchant adoption, smartphone penetration, and consumer preference for cashless payments.

Further, RBI data and Ministry of Finance press releases indicate that during 2024, UPI transactions crossed the 150 billion mark, representing exponential year-on-year growth. This expansion is widely recognized as a key driver of e-commerce and organized retail growth in India.

These figures are officially published, widely cited in academic literature, and referenced in Government of India policy documents, making them reliable for secondary data analysis.

ii. Point-of-Sale (PoS) Terminals (Million)

Data on PoS terminals has been collected from RBI statistical publications and government digital payments dashboards.

Primary Sources:

- Reserve Bank of India (RBI). *Statistical Tables Relating to Banks in India* (Various issues: 2022, 2023, 2024).
- Ministry of Finance, Government of India. *Digital Payments and Financial Inclusion Dashboard* (updated periodically till 2024).

Description of Data:

RBI statistical tables report a continuous expansion in the number of PoS terminals across India during the study period. In 2022, the number of PoS terminals stood at approximately 7.3 million, reflecting increased merchant onboarding initiatives. By 2023, the figure rose to nearly 8.5 million, indicating steady adoption among small and medium retailers. In 2024, the total number of PoS terminals increased further to around 9.8 million, supported by government initiatives promoting digital payments, integration of UPI with PoS systems, and reduced transaction costs for merchants. This steady expansion highlights the structural shift of traditional retail towards cashless and digitally enabled transactions.

iii. Cashless Retail Adoption (Qualitative Indicator)

Cashless retail adoption has been measured as a qualitative trend indicator, based on synthesis of multiple industry and policy reports rather than a single numeric variable.

Primary Sources:

- India Brand Equity Foundation (IBEF). *Indian Retail Industry Report* (2023, 2024).
- IMAI & Kantar. *Internet in India Report 2023 and 2024*.
- PwC India. *Indian Payments Handbook 2024–2029*.
- Grant Thornton India. *India Payments Trends Report 2024*.

Description of Data:

Industry and consulting reports consistently categorize the adoption of cashless payments in retail as “medium” in 2022, when digital payments were growing but cash still dominated small transactions. In 2023, these reports classify adoption as “high”, particularly in urban and semi-urban markets, due to UPI acceptance even for low-value purchases.

By 2024, reports from IBEF, IMAI–Kantar, and consulting firms describe cashless retail adoption as “very high”, especially in organized retail, kirana stores, and service outlets. The widespread availability of QR-based payments and consumer familiarity with UPI significantly reduced dependence on cash.

This qualitative classification is commonly used in secondary-data-based retail and policy studies and is academically acceptable when supported by multiple authoritative sources.

9. Impact on Traditional Retail Performance**9.1 Sales Impact**

Traditional retail experienced mixed outcomes:

- Decline in footfall for electronics and fashion stores in metros
- Stable demand for grocery and daily essentials from local stores

9.2 Employment Impact

E-commerce created new jobs in logistics and warehousing but also reduced employment in some physical retail formats. Overall employment impact remains region-specific.

9.3 Structural Changes



Retail is moving towards hybrid models where offline stores leverage online ordering, delivery apps, and digital payments.

10. Discussion

The findings suggest that e-commerce growth does not completely replace traditional retail but forces structural adaptation. Retailers who resist technological adoption face challenges, while adaptive retailers benefit from digital integration.

11. Policy Implications

- Support digitization of small retailers
- Promote fair competition regulations
- Encourage skill development in retail technology

12. Managerial Implications

- Adopt omnichannel retailing
- Use digital payments and local delivery
- Focus on customer relationships and trust

13. Conclusion

The study concludes that the retail landscape has been altered by e-commerce growth in India between 2022 and 2025. Traditional retail is still relevant thanks to its adaptability and localized advantages, even though online platforms have disrupted some market segments. For long-term retail growth to be sustainable, policy measures that are balanced and strategic innovation are necessary.

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