

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 74  
ANSWERED ON MONDAY THE 03<sup>RD</sup> FEBRUARY, 2020  
[MAGHA 14, 1941 (SAKA)]**

**CCI REPORT**

**QUESTION**

**74. SHRI SUDHEER GUPTA:  
SHRI SANJAY SADASHIV RAO MANDLIK:  
SHRI GAJANAN KIRTIKAR:  
SHRI BIDYUT BARAN MAHATO:  
SHRI SHRIRANG APPA BARNE:**

**Will the Minister of CORPORATE AFFAIRS  
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Competition Commission of India (CCI) has recently released a report titled 'Market study on e-commerce in India';
- (b) if so, the details thereof including observations, the key findings, the aims and objectives of the said report;
- (c) the details of the participants participated in the study conducted by the CCI to prepare a report in this regard and the areas covered in such study;
- (d) whether the share of online commerce is gaining importance day-by-day as compared to the traditional channels across the country;
- (e) if so, the details thereof and the reasons therefor; and
- (f) whether e-commerce has helped expand market participation by facilitating the consumers and aiding innovative business models and if so, the details thereof?

**ANSWER**

**THE MINISTER OF STATE FOR FINANCE  
AND CORPORATE AFFAIRS**

**(SHRI ANURAG SINGH THAKUR)**

वित्त एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री अनुराग सिंह ठाकुर)

**(a) & (b):** The Study was initiated in April 2019 to better understand the functioning of e-commerce in India and its implications for markets and competition. The objective was to identify impediments to competition, if any, emerging from e-commerce and ascertain the Commission's enforcement and advocacy priorities in light of the same. The detailed report is available in public domain on CCI website (url: [https://www.cci.gov.in/sites/default/files/whats\\_newdocument/Market-study-on-e-Commerce-in-India.pdf](https://www.cci.gov.in/sites/default/files/whats_newdocument/Market-study-on-e-Commerce-in-India.pdf)).

**(c):** It covered three broad categories of e-commerce in consumer goods (mobiles, lifestyle, electrical & electronic appliances, and grocery), accommodation services and food services. In total, 16 online platforms, 164 business entities [including sellers (manufacturers and retailers) and service providers (hotels and restaurants)] and 7 payment system providers from across India participated besides 11 industry associations, representing different stakeholder groups.

**(d): The results of the study confirmed that online commerce is gaining importance across the sectors studied.**

**(e): Goods Category: findings reveal that share of online distribution and its relative importance as a sales channel vis-à-vis the offline channels varies significantly across products, like, online sales of mobile phones reportedly account for around 40% of total sales in India; more smartphones selling online than feature phones. Latest models often launched exclusively on e-commerce platforms.**

**For electronic/electrical appliances and lifestyle related products including apparels, shoes, accessories and fashion products, the respondents considered online as more of a supplementary channel, brick & mortar sales being the predominant mode of sales. Nature of goods and the extent of price-differential between sales channels were among the factors cited by stakeholders that explain the variation in the online-offline split of sales between products.**

**Accommodation services: online bookings as a proportion of total bookings has been rising, though bookings via offline travel agents, corporate tie-ups and walk-in customers remain significant. Hotels in the budget and mid-market segments, now consider distribution through online travel agencies (OTA) to be a necessary and increasingly important access route to consumers.**

**Food service category: 83% of respondent restaurants reported having online presence with online sales accounting for nearly 29% of the respondent restaurants' revenue. 69% of respondent restaurants went online during 2016-18. Casual dining and quick service restaurants in particular were found to be considering e-commerce significant for their survival and growth.**

**(f): Mixed response was observed. A section of business users of platforms, consisting primarily of manufacturers and omni-channel retailers (having both online and offline presence), responded that size of business has not increased significantly, but shift of business from the physical to the digital space is at rapid pace.**

**Another section of small-scale enterprises confirmed expansion of markets.**

**Food service: emergence of online delivery-only formats (cloud kitchens) observed as the most important trend. As an offshoot, the trend of opening up of cloud kitchens as means for low-cost expansion into new cuisines/geographies is increasing, even with the established players. Online order/delivery platforms have also entered into the domains of cloud kitchen infrastructure, i.e. provision of delivery-only kitchen facility to partner restaurants, while some have launched their own cloud kitchen brands/private labels.**

**Accommodation service: e-commerce has enabled a new business model in the form of large franchise chains in the budget hotel segment. These chains access online customers through their own websites and mobile applications while also listing their properties on online travel agencies (OTAs). Some OTAs have launched assurance programs, lending their brand names to a set of selected hotels while listing them on their platforms, which act as signal of quality to the customers.**

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