

**AN ANALYSIS OF TRENDS PRESENT IN THE OPERATIONS OF E  
GROCERY RETAIL IN INDIA: WITH CONTEXT TO REVENUE  
GENERATED AND LOSSES INCURRED**

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**Abstract:**

*The research work focuses on the increase of market size of E grocery shopping in India. The work concludes that market size of E grocery in India in terms of revenue generated has increased by a rate of 1650 Million USD per year however, the increased market cap has its origin deep rooted in the ponds of losses.*

**Keywords:**

*Market, e grocery, revenue, shopping.*

**Introduction:**

The year of 2020 was a game changer for the E grocery retailers in India. With the advent of Covid-19 in India the culture of shopping groceries through online retail spaces increased drastically. The sudden increase in merchandize volume propelled E grocery retailers to establish their footprint in TIER II and TIER III cities.

The expansion of operations in multiple cities has increased the market size of E grocery retailers in India. However, the expansion comes with a price. The E grocery companies are incurring tremendous losses.

The losses are large, and the companies would be able to sustain in the space only till the funding capital is not exhausted. As the capital exhaust the companies stare at the cease of operation or getting acquired by a bigger player.

(Kholi et.al, 2011) stated that startups close due to constant incurring of loss and exhausting the capital investment. (Mehra, 2014) stated that Indian E grocery space is witnessing boom, but it will take years for shopping through E grocery websites to become a culture.

The reviews states that Indian will witness increased market size of E grocery shopping but the players must be cautious of revenues and losses.

Thus, the research work focuses on determining the present market size of E grocery in India, where it is heading and undertaking a case study of India's largest E grocery player to understand how increased market size comes with an adherent cost.

### Material and Method:

The research work utilizes secondary data acquired from sources such as PARAXIS And IBEF. The growth rate analysis was performed using linear curve fitting technique.

### Analysis:

The research work focuses on analyzing the market cap of online grocery shopping in India, predicting prospects of it and what is the position of India's largest online grocery supplier – Big basket in India in terms of revenue generated and loss incurred.

Table 1 shows the growth of Indian E Grocery market size year wise.

Table 1 Indian E Grocery Market in Million USD

Year	Market Size in Million USD
2017-18	600
2018-19	900
2021-2022	7500

Source: IBEF

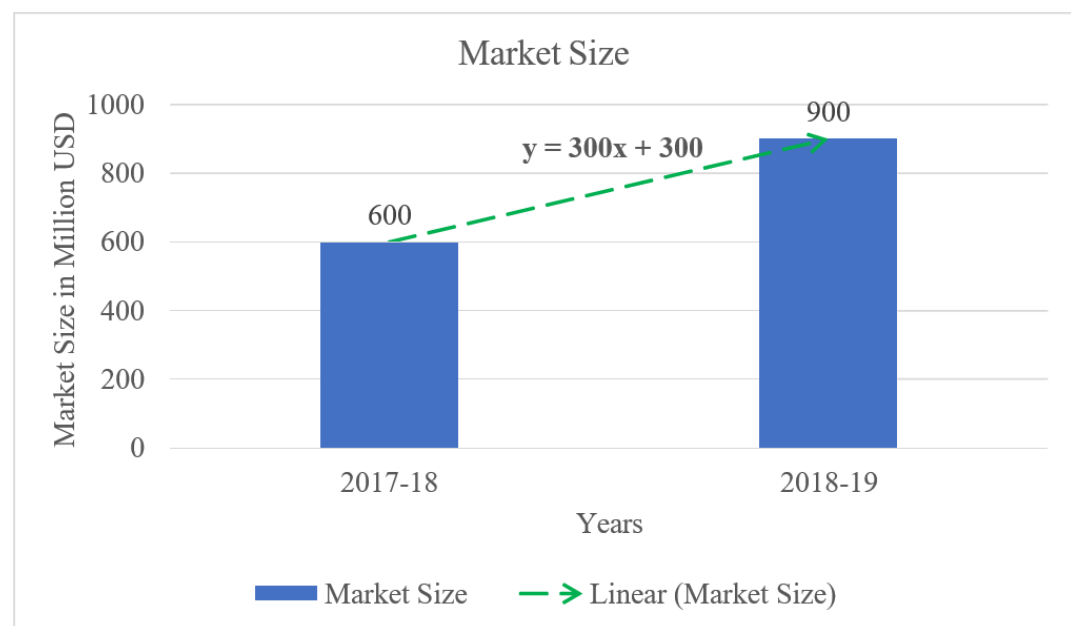
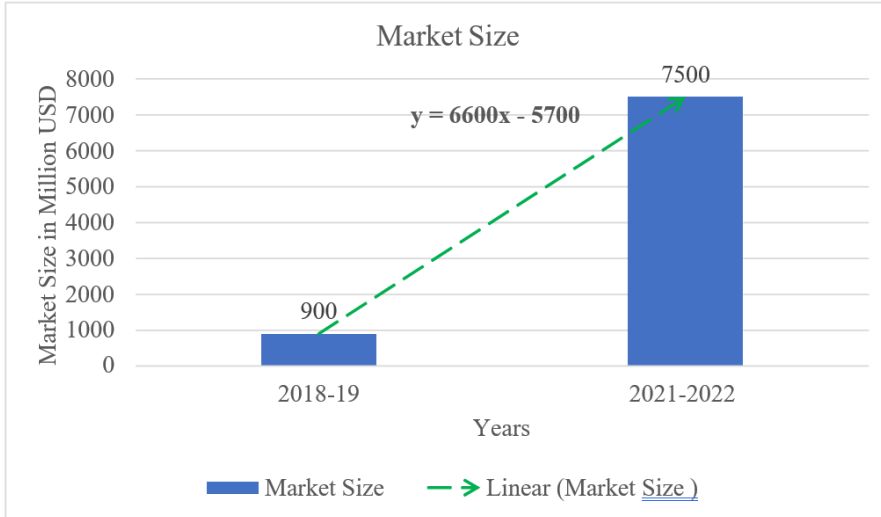
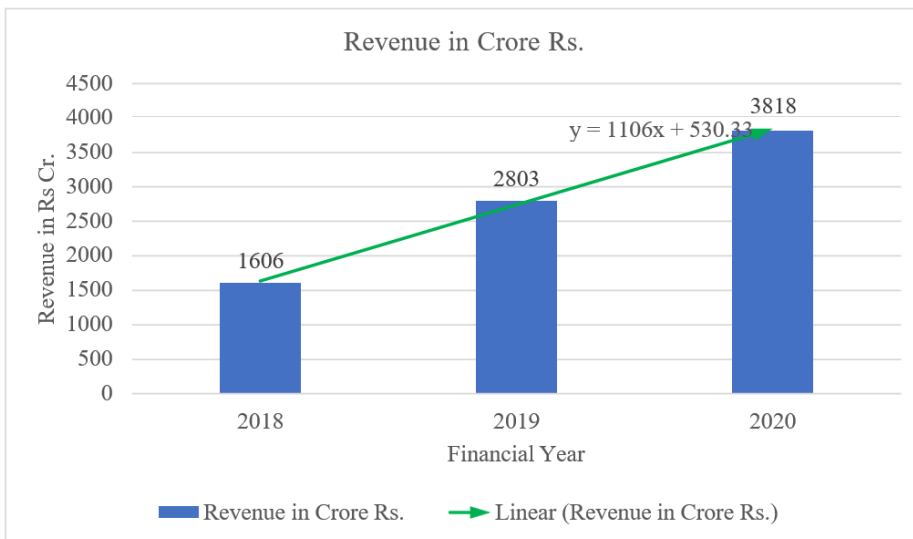


Figure 1: Growth of Indian E Grocery Market from 2017-18 to 2018-19

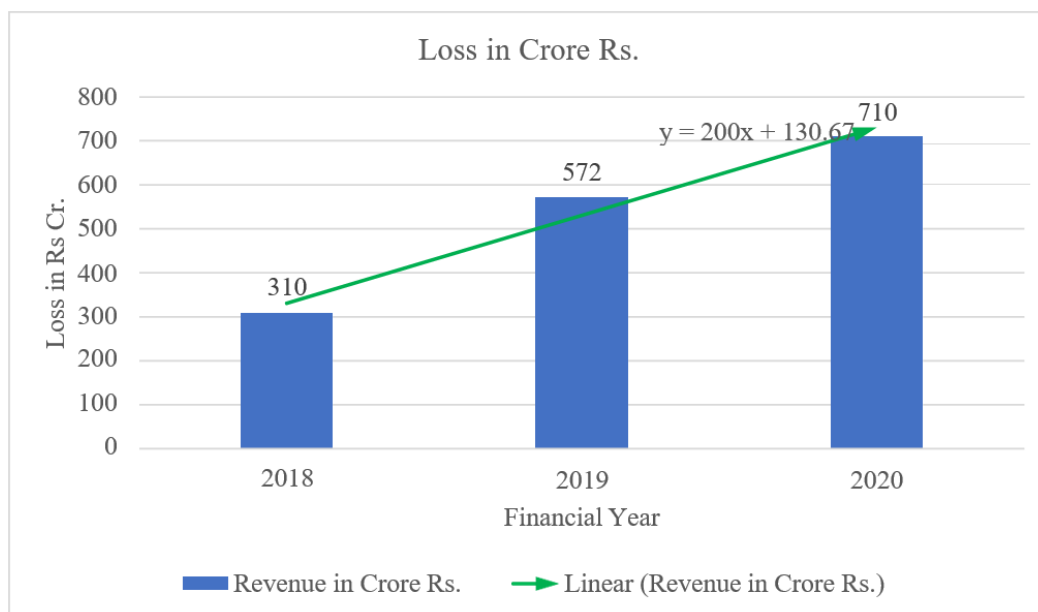


**Figure 2: Growth of Indian E Grocery Market from 2018-19 to 2021-22**

From the figure 1 and 2 presented above it is evident that for the year 2017-18 to 2018-19 the growth of the E grocery market in India was recorded as 300 M USD. However, for the period 2018-19 to 2021-22 the growth of the Indian E grocery region was 6600 USD. This meant that for the period of four years the market grew with an average rate of 1650 USD. From the figure 1 and figure 2 it is evident that market size of the E grocery market in India is increasing. The GMV or the gross merchandise volume is increasing but this increase is coming with a cost. The Indian E grocery retailers are incurring huge losses in return for of increased market cap. The increased losses make the retailers susceptible to collapse on account of exhausting the capital funds raised for their operations. Figure 3 and figure 4 presents a case study of the India's largest E grocery supplier Big Basket.



**Figure 3: Revenue Generated by Big Basket**



**Figure 4: Loss incurred by Big Basket**

From the figures 3 and 4 shown above it can be said that Big Basket is generating more and more revenue with every financial year. The rate of revenue increase was determined as 1106 cr Rs. Per year which seems to be positive and good for a startup.

However, the picture changes drastically when the losses incurred by the company is observed. From the figure 4 it is observed that increase in revenue is bought with a cost of increased losses. The rate of increase of loss was determined as 200 Cr Rs. The figure also shows that losses are mounting high with passing of every financial year.

### **Conclusion and Suggestion:**

From the analysis presented above the following conclusion can be draw –

- The Indian E grocery retail space is growing with a rate of 1650 Million USD every year.
- The Indian E grocery retailers are registering significant revenue growth in every financial year.
- It was also noted that E grocery retailers are registering heavy losses for achieving revenue growth.
- The heavy losses are result of expansion of E grocery retailer services to TIER II and TIER III Cities.

It is being suggested that expansion of retailer services should be done only after understanding the market sentiments. Numerous reports have indicated that Indian consumer still prefer shop over E retailers. E retailer services require heavy infrastructural spendings.

These spendings comes in form of rented spaces and not in form of asset to the company. Thus, in case of closure of services in a city the E retailers are left with losses with no mode of recovery i.e., through selling of assets.

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