



Rise of Quick Commerce in India

This editorial is based on "[Foster competition: Policy should support, not restrict quick commerce](#)" which was published in Business Standard on 06/01/2025. The article brings into focus the evolving landscape of India's e-commerce, with quick commerce ventures like Zepto and Blinkit reshaping retail through instant delivery. Amid rapid growth and a \$5.5 billion market share, concerns raised by the Confederation of All India Traders (CAIT) have led to government scrutiny over their business practices.

For Prelims: [India's e-commerce revolution](#), Quick commerce, [Fast-moving consumer goods](#), [India's internet landscape](#), [Gig economy](#), [Digital India Mission](#), [CO2 emissions](#), [Code on Social Security, 2020](#), [FAME scheme](#), [Plastic Waste Management Rules, 2022](#).

For Mains: Key Opportunities Associated with Quick Commerce, Key Issues Associated with the Quick Commerce Landscape.

[India's e-commerce revolution](#) has entered its next frontier with **quick commerce** emerging as a game-changing innovation. While established players like **Amazon and Flipkart** dominate traditional e-commerce, ventures like **Zepto, Blinkit, and Dunzo** are carving out a distinct market in instant gratification retail. However, their meteoric rise and aggressive expansion have **drawn scrutiny from government authorities following concerns raised by the Confederation of All India Traders (CAIT)** about their business practices and market impact. As India's overall e-commerce market surges toward an **estimated \$200 billion by 2026**, quick commerce represents both an evolution and disruption of digital retail, accounting for nearly \$5.5 billion of this growing pie.

What is a Quick Commerce?

- **Quick commerce**, often referred to as **q-commerce**, is a disruptive business model in the e-commerce landscape that focuses on **ultra-fast delivery of goods and services**, typically within **10 to 30 minutes**.
- It caters to **consumers' demand for instant gratification** by delivering essential items such as groceries, medicines, personal care products, and even cooked food at lightning speed.

How Quick Commerce is Different From Traditional E-Commerce?

| Aspect | Quick Commerce | Traditional E-Commerce |
|----------------|-------------------------------------|-----------------------------------|
| Delivery Speed | Ultra-fast delivery, usually within | Delivery timelines range from 1-7 |

| | | |
|-----------------------------|--|--|
| | 10-30 minutes. | days. |
| Product Range | Limited to fast-moving consumer goods (FMCGs) , essentials like groceries, medicines, and personal care items. (Currently undergoing expansion) | Broad range, including electronics, apparel, furniture, and non-urgent goods. |
| Inventory Model | Uses micro-warehouses or "dark stores" located close to customers for hyper-local inventory management. | Relies on centralized warehouses spread across regions with larger inventories. |
| Target Audience | Targets impulse buyers or those with urgent needs (e.g., groceries for cooking or emergency medicines). | Caters to planned purchases like big-ticket items , offering variety and price deals. |
| Technology Use | Relies on advanced AI for hyper-local demand prediction , real-time inventory updates, and optimized delivery routes. | Uses large-scale logistics networks and predictive analytics for bulk shipments. |
| Pricing Strategy | Focuses on convenience and speed , often charging premium delivery fees; | Heavy discounts, deals, and seasonal offers to attract bulk buyers. |
| Environmental Impact | Higher emissions due to frequent, small deliveries and increased single-use packaging waste. | Lower emissions per order due to bulk shipping but long-haul logistics still contribute to carbon footprint. |

What are the Key Opportunities Associated with Quick Commerce?

- **Enhanced Urban Consumer Convenience:** Quick commerce caters to the growing **demand for ultra-fast delivery**, especially in urban areas, where **busy lifestyles prioritize convenience**.
 - With rising internet penetration and smartphone usage, urban consumers are increasingly relying on platforms like **Blinkit, Zepto, and Swiggy Instamart** for instant delivery of groceries, medicines, and personal goods.
 - The rise in demand for quick delivery services, **particularly post-Covid-19**, has made this sector a crucial part of the urban retail ecosystem.
 - **India's internet landscape** is projected to reach over **900 million users by 2025**, with rural India driving much of this growth, driving demand for e-commerce services.
- **Boost to Employment Generation and Gig Economy:** The rapid expansion of quick commerce is **creating significant employment opportunities**, particularly for delivery personnel and **micro-warehouse staff**.
 - It has also contributed to the **gig economy**, offering flexible earning opportunities for a large section of the workforce.
 - **NITI Aayog's** report on "**India's Booming Gig and Platform Economy**" projects **India's gig workforce to reach 23.5 million by 2029-30**, comprising 6.7% of the non-agricultural workforce and 4.1% of total livelihoods.
 - Also, the **growth of quick commerce also opens up part-time or night-shift opportunities**, allowing individuals working during the day to earn additional income.
 - This flexibility further strengthens the gig economy, **providing diverse earning avenues for the workforce**.
- **Driving Innovation and Technology Adoption:** Quick commerce is driving advancements in technology, including **AI-powered demand forecasting, inventory optimization, and route planning**.
 - Companies are innovating with **micro-warehousing models, dark stores**, and predictive algorithms to ensure rapid fulfillment of orders.
 - This focus on technology integration aligns with the goals of the **Digital India Mission**, further **boosting India's digital economy**.
 - For instance, **Zepto leverages advanced AI and machine learning technologies** for

demand forecasting, efficient inventory management, and optimized delivery routes.

- The sector is also leveraging technologies like **drone-based delivery pilots** in remote areas.
- **Swiggy Instamart launched InstaWarmer at CyberHub, Gurugram**, offering an interactive and innovative way for visitors to experience instant warmth during Delhi's winter chill.
- **Expansion into Tier-2 and Tier-3 Cities:** Quick commerce has immense potential to expand into **Tier-2 and Tier-3 cities**, where **digital adoption and e-commerce penetration are increasing**.
 - This expansion can bridge the **gap between urban and semi-urban consumers**, enabling smaller cities to access the same level of convenience as metros.
 - Tier 2 and Tier 3 cities accounted for **60% of India's overall e-commerce demand in 2023, with a projected annual growth rate of 30% by 2025**, indicating strong growth potential.
- **Supporting Emergency and Essential Deliveries:** Quick commerce plays a critical role during emergencies by enabling instant delivery of medicines, baby products, and other essentials.
 - During the **Covid-19 pandemic**, quick commerce platforms proved indispensable in ensuring the supply of essential goods during lockdowns.
 - Expanding this **capability further can provide critical support during natural disasters** or public health emergencies.
 - For instance, **amid Bengaluru's water crisis 2024, Swiggy Instamart partnered with Earth Fokus** to deliver water-saving aerators within 10 minutes.
- **Contribution to the Startup Ecosystem and Investment Growth:** The quick commerce sector adds momentum to India's booming startup ecosystem by attracting significant venture capital and global investments.
 - It has become a **high-growth sector, with startups valued at billions of dollars**, positioning India as a global innovation hub.
 - In 2023, as venture capital funding for startups dwindled, **Zepto defied the trend to become India's 84th unicorn**.
- **Driving Export of Quick Commerce Expertise:** As India's quick commerce companies grow, they have the potential to export their expertise and business models to emerging markets in **Southeast Asia and Africa**.
 - This would not **only boost India's global presence but also contribute to the export of Indian technologies** and logistics solutions.
 - Companies like Swiggy and Zomato are already exploring market expansion opportunities in regions like **Southeast Asia**.

What are the Key Issues Associated with the Quick Commerce Landscape?

- **Worker Exploitation and Unethical Labor Practices:** Delivery riders face immense pressure to **meet ultra-fast delivery targets**, often compromising their safety and well-being.
 - This **gig-based model lacks labor protections** and is heavily criticized for promoting unsafe working conditions with adequate **social security, insurance, or fixed salaries**, leaving them vulnerable to financial instability.
 - In social media, a video shared by a delivery agent, claiming to **earn just Rs 300 for six hours of work on Diwali**, sparked an online debate about gig economy working conditions, particularly during festive seasons.
 - In November 2024, Bengaluru traffic police collected **₹30.57 lakh in fines from delivery riders in a crackdown**.
 - Protests by gig workers demanding better pay and benefits have been witnessed across cities like Bengaluru and Mumbai.
- **Unsustainability of the Business Model:** The quick commerce business model heavily relies on **discounts, cash burn, and investor funding**, making it unsustainable in the long term.
 - Companies struggle to **balance operational costs with profitability**, as high delivery expenses and customer acquisition costs erode margins.
 - Overdependence on venture capital without a **clear path to profitability** raises concerns about the sector's viability.
 - For instance, industry reports indicate that **Zepto has burned through approximately Rs 1,200 crore in the last quarter of 2024**, averaging nearly ₹400 crore per month.

- Despite high valuations, most players remain unprofitable, relying on frequent fund infusions to survive.
- **Impact on Local Kirana Stores:** The rapid expansion of quick commerce platforms has adversely affected local **kirana stores, which have traditionally been the backbone of Indian retail.**
 - The convenience, discounts, and ultra-fast deliveries offered by these platforms have led to a significant shift in customer preferences, **resulting in reduced footfall and sales for neighborhood shops.**
 - Additionally, the **disruption of supply chains and dependency on aggregators for survival** increase financial strain on small retailers.
- **Strain to Urban Infrastructure and Traffic Congestion Issues:** Quick commerce adds strain to already overburdened urban infrastructure, with **delivery fleets contributing to [traffic congestion](#) and [pollution](#).**
 - The constant movement of delivery riders on **two-wheelers**, particularly during peak hours, **creates inefficiencies in traffic management.**
 - The lack of dedicated delivery lanes or logistics infrastructure further exacerbates these problems.
 - **Mumbai and Bengaluru have been ranked 5th and 10th in the global ranking of urban congestion**, contributing significantly to peak-hour traffic.
- **Environmental Impact of Rapid Deliveries:** The quick commerce sector is contributing to **rising carbon emissions and packaging waste**, with most deliveries relying on non-sustainable practices.
 - Fast deliveries require extensive use of motorbikes and single-use plastic packaging, increasing the environmental burden.
 - The sector lacks a unified effort to adopt **green logistics or carbon-neutral delivery practices.**
 - Though Zomato and Swiggy initiated a move to reduce plastic waste by introducing **100% plastic-neutral deliveries, they failed to implement them.**
 - E-commerce transportation contributes significantly to **[CO2 emissions](#)**, with India accounting for **285g CO2 per parcel, making up 51% of total delivery emissions.**
- **Limited Focus on Tier-2 and Tier-3 Cities:** While quick commerce thrives in Tier-1 cities, it has largely failed to penetrate Tier-2 and Tier-3 cities, where infrastructure and demand patterns differ.
 - **Poor digital penetration, lower disposable incomes, and logistical challenges** hinder the sector's growth in semi-urban and rural areas.
 - This limits the scope of market expansion and keeps quick commerce confined to urban hubs.
 - For instance, while Blinkit offers services in 26 cities, 80% of the new dark-store openings took place in the **top 8 cities only.**
- **Consumer Protection Concerns:** The push for speed in deliveries often results in quality compromises, with incorrect or damaged products being delivered to customers.
 - Additionally, **opaque pricing structures, hidden delivery fees, and inconsistent refund policies** harm consumer trust.
 - Lack of regulatory oversight on quick commerce operations raises issues of accountability and transparency.
 - A recent report highlights that **48% of online shoppers faced issues with incorrect products due to return and refund policies**, while 20% received fake or counterfeit items at least once in the past year.

How India Can Effectively Regulate Quick Commerce and the Broader E-Commerce Sector?

- **Strengthen Labor Protections for Delivery Personnel:** The government must mandate **fair wages, insurance, and safety measures** for gig workers in the quick commerce and e-commerce sectors.
 - This can be achieved by enforcing the provisions under the **[Code on Social Security, 2020](#)**, which aims to provide social security benefits to gig and platform workers.
 - **Companies should also be required to offer riders health insurance, accident**

coverage, and fixed working hours to reduce exploitation and improve their quality of life.

- **Introduce Delivery Time Standards to Ensure Safety:** Regulating delivery timelines is critical to prevent overburdening delivery riders and promoting road safety.
 - The government can mandate a **minimum delivery time for non-essential goods to discourage unsafe practices** and over-speeding.
 - A **public-private dialogue** between regulatory bodies and companies can ensure timelines are customer-friendly yet realistic, balancing speed with rider safety.
- **Environmental Standards for Sustainable Logistics:** To address rising carbon emissions and packaging waste, the government can introduce green logistics mandates.
 - **Quick commerce and e-commerce** firms should transition to electric vehicles (EVs) and adopt eco-friendly packaging under the [FAME scheme](#) and the [Plastic Waste Management Rules, 2022](#).
 - Tax benefits and incentives could encourage companies to adopt sustainable practices, such as setting up EV-based delivery fleets or using biodegradable materials.
- **Create a Centralized Regulatory Authority for E-Commerce: A National E-Commerce Regulatory Authority** should be established to oversee compliance, resolve disputes, and monitor fair practices in the sector.
 - This body can handle issues like predatory pricing, data protection, and monopolistic practices.
 - It can also provide **clear guidelines for investments in e-commerce and quick commerce** to prevent unfair market domination.
- **Mandate Data Privacy and Consumer Protection Measures:** India must enforce stronger data privacy and consumer protection laws, especially as e-commerce platforms collect vast amounts of customer data.
 - The **Digital Personal Data Protection Act, 2023** should be strictly applied to regulate how customer data is stored, used, and shared.
 - Transparency in **terms and conditions for consumers, clear refund policies, and accountability for faulty deliveries** should also be made mandatory.
- **Certification System for Ethical Practices:** The government can launch a certification program for ethical and fair practices in e-commerce and quick commerce.
 - Companies meeting standards for labor safety, sustainability, and customer satisfaction can be awarded a **"Responsible E-Commerce" label**.
 - Linking this certification to public recognition or financial incentives could encourage self-regulation and compliance across the industry.
- **Standardize Grievance Redressal Mechanisms:** The government should mandate a standardized, **time-bound grievance redressal mechanism for all e-commerce and quick commerce platforms**.
 - Companies must provide transparent escalation processes for issues like late deliveries, damaged goods, and payment refunds.
 - An **independent ombudsman for consumer complaints** in e-commerce could help ensure faster resolution and build trust.
- **Promote Tier-2 and Tier-3 City Penetration:** The government can incentivize quick commerce and e-commerce platforms to expand into Tier-2 and Tier-3 cities.
 - This can be linked with schemes like **PM Gati Shakti** to improve **rural and semi-urban infrastructure**, enabling better logistics connectivity.
 - Expansion into smaller cities will ensure equitable growth, reduce pressure on metros, and promote local entrepreneurship.
- **Mandate Transparency in Pricing and Discounts:** To address predatory pricing concerns, the **government should require e-commerce platforms to disclose the methodology behind pricing and discounts**.
 - Companies must show **clear breakdowns of how discounts are funded (e.g., subsidies, retailer contributions)**.
 - This will ensure fair competition and protect smaller sellers from being undercut by unsustainable discounting practices.
- **Support MSME and Local Store Integration:** E-commerce and quick commerce platforms can be mandated to **source a percentage of their inventory from MSMEs and local stores**.
 - The **ONDC (Open Network for Digital Commerce)** framework can be used to integrate small businesses into the organized retail ecosystem.
 - This will ensure fair market access for MSMEs and foster localized economic growth.

Conclusion:

Quick commerce is revolutionizing **India's retail landscape** by meeting the demand for instant gratification, offering opportunities for **innovation, employment, and market expansion**. However, challenges such as **worker exploitation, environmental impact, and competition with local stores** need careful regulation. Strengthening labor protections, environmental standards, and consumer rights is essential for sustainable growth. A centralized regulatory body, transparency in pricing, and promoting equitable growth in smaller cities can ensure a fair and balanced sector.

Drishti Mains Question:

The rapid growth of e-commerce, particularly the emergence of quick commerce, has revolutionized consumer behavior but also poses significant regulatory and ethical challenges. Discuss.

UPSC Civil Services Examination, Previous Year Question:

Q. With reference to foreign-owned e-commerce firms operating in India, which of the following statements is/are correct? (2022)

1. They can sell their own goods in addition to offering their platforms as market-places.
2. The degree to which they can own big sellers on their platforms is limited.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)