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From Farm to Fast Delivery: Transforming India's FMCG Economy through E-Commerce and Quick Commerce

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The Fast-Moving Consumer Goods (FMCG) sector plays an important role in India's consumer economy by linking agriculture, food processing, manufacturing, distribution and household consumption. Rapid digitalisation has transformed the sector through the expansion of e-commerce and quick-commerce platforms, changing how FMCG products are procured, distributed and purchased. The present study examines the changing FMCG landscape in India with particular emphasis on market growth, rural demand, food-processing linkages, digitalisation, e-commerce evolution, procurement practices, employment generation, opportunities and emerging challenges. The review is based on secondary information obtained from peer-reviewed research articles. The India's FMCG sector is experiencing strong market expansion alongside growing rural demand and increasing integration with digital retail channels. Digital procurement and supply-chain technologies are improving coordination and market access, while e-commerce and quick commerce are creating employment opportunities in logistics, warehousing and last-mile delivery. However, concerns related to profitability, employment security, environmental impacts, traditional retail competition and digital inclusion remain. Overall, the transformation of FMCG e-commerce is creating an increasingly integrated and technology-driven value chain connecting producers, businesses, workers and consumers.

Keywords: FMCG, E-commerce, Quick Commerce, Digitalisation, Procurement, Supply Chain, Rural Markets, Employment Generation, Food Processing.

Introduction

Fast-Moving Consumer Goods (FMCG) constitute an important component of the modern consumer economy, encompassing frequently purchased products such as packaged foods, beverages, edible oils, personal-care products and household necessities. The economic significance of these products extends beyond final consumption because their supply chains connect agricultural producers, food processors, manufacturers, distributors, retailers and consumers. The expansion of digital commerce is consequently influencing not only retailing but also logistics, warehousing, transportation, packaging and consumption patterns. The World Bank (2019) highlighted that digital technologies can reduce the cost of linking buyers and sellers, improve access to information and markets, strengthen value-chain transparency and potentially enhance the competitiveness of small-scale producers. At the same time, digital transformation can create risks associated with exclusion, data governance, market concentration and changes in employment. These opportunities and challenges are particularly relevant to FMCG markets, where agricultural commodities frequently undergo processing, value addition, branding and distribution before reaching consumers. The emergence of platforms such as BigBasket, Blinkit, Zepto, JioMart, Swiggy Instamart and Amazon Fresh therefore represents more than a new channel for purchasing everyday goods.

It reflects a restructuring of FMCG distribution in which digital ordering, inventory management, fulfilment centres, demand forecasting and last-mile logistics are becoming increasingly integrated. The present study examines the evolving FMCG sector in India, with particular emphasis on the growth of e-commerce and quick commerce, procurement practices, agricultural and rural linkages, employment generation and emerging challenges.

Review of Literature

NITI Aayog (2022) examined that the development of India's platform economy and estimated that approximately 7.7 million workers were engaged in gig work during 2020-21. The report projected that this workforce could increase to 23.5 million by 2030. It identified platform-based work across low, medium and high-skilled occupations and highlighted the expanding role of digital platforms in India's labour market. These findings are relevant to FMCG e-commerce and quick commerce because delivery, logistics, fulfilment and related platform activities have become important sources of employment.

Basu *et al.*, (2024) investigated that customer experience in Indian e-grocery platforms using a large-scale analysis of online buyer reviews. The study analysed 2,73,000 and 2,54,000 reviews from two Indian e-grocery applications and developed a framework for digital service operations. The findings identified vendor trust, pricing, retailer visibility, product information, platform navigation, website informativeness and perceived information protection as important dimensions of buyer experience. The study indicates that the success of e-grocery platforms depends not only on delivery performance but also on trust, information quality and the overall quality of digital service.

Haneefa and Singh (2024) examined that the economic, social and environmental dimensions of quick commerce in India. The study highlighted the consumer convenience and economic opportunities associated with rapid-delivery models while also identifying concerns relating to packaging waste, carbon emissions and the sustainability of ultra-fast delivery systems. The study suggests that the long-term development of quick commerce requires a balance between consumer convenience, commercial viability and environmental sustainability.

International Labour Organization (2024) examined that the expansion of India's economy from the perspective of employment and business organisations. The report highlighted the rapid development of platform-based work while drawing attention to issues related to employment relationships, worker welfare and social protection. It emphasised the need for appropriate institutional mechanisms to address the changing nature of employment in the platform economy. These concerns are particularly relevant to FMCG e-commerce, where the expansion of last-mile delivery can create employment opportunities while also raising questions about the quality and security of such work.

Tripathi *et al.*, (2024) examined the relationship between marketing logistics and consumer behaviour among Indian e-shoppers. Based on responses from 515 online shoppers, the study employed partial least squares structural equation modelling and artificial neural networks to examine the effects of logistics-related factors on customer satisfaction. The results indicated that product quality, tracking facilities and delivery speed were important determinants of customer satisfaction, while product availability did not show a significant influence in the model. The findings highlight the growing importance of logistics management and service quality in shaping consumer experiences in digital retail markets.

Methodology

The present article is a review based on secondary information collected from peer-reviewed research articles, government publications, international institutional reports, industry reports and official sources related to the FMCG sector in India. The selected information was reviewed and synthesized thematically to examine the growth of FMCG e-commerce, supply-chain and procurement practices, agricultural and rural linkages, employment generation, consumer trends and emerging challenges in India.

Status of the FMCG Sector in India

Market Size and Growth

India's FMCG sector has grown steadily due to rising consumer demand, changing lifestyles, expanding retail networks and increasing digitalisation. According to IBEF (2026), the Indian FMCG market was valued at about US 289.1 billion in 2025 and is projected to reach US 642.9 billion by 2030. The sector therefore represents an important and expanding part of India's consumer economy.

Rural Demand and Food-Processing Linkages

Rural India has become an important market for FMCG products. In 2025, rural areas accounted for more than 38 per cent of FMCG sales, highlighting the growing importance of rural consumers in the sector. FMCG is also closely connected with agriculture through food processing and value addition. The Ministry of Food Processing Industries (MoFPI, 2025) reported that food-processing GVA grew by 6.55 per cent during 2023-24. The sector accounted for 7.93 per cent of manufacturing GVA and 9.46 per cent of the GVA of agriculture, forestry and fishing, demonstrating its role in linking agricultural production with consumer markets.

Digitalisation of FMCG

Digitalisation is changing the way of FMCG products are marketed, purchased and distributed. The Economic Survey 2023-24 reported 13,116.5 crore UPI transactions during 2023-24, reflecting the rapid expansion of India's digital payment ecosystem. This digital environment has supported the growth of e-commerce and quick-commerce channels for FMCG products. Therefore, the Indian FMCG sector is characterised by market expansion, growing rural demand, increasing food processing and rapid digitalisation, creating new opportunities across production, procurement, distribution and retailing.

Evolution of FMCG E-commerce Platforms in India

Online Grocery to Quick Commerce

FMCG e-commerce in India has evolved from scheduled online grocery delivery to rapid, technology-driven quick commerce. Early platforms such as Big Basket focused mainly on planned grocery purchases and wider product assortment. With improvements in digital payments, inventory management and last-mile logistics, the market gradually shifted towards faster fulfilment. Quick-commerce platforms now use local fulfilment centres to provide frequently purchased groceries and household products within a short delivery window.

Growth of Quick Commerce

Quick commerce has become an important part of India's digital retail transformation. Platforms such as Blinkit, Zepto, Swiggy Instamart, JioMart and Flipkart Minutes compete through rapid delivery, localised inventories and expanding product categories. The model is also expanding beyond groceries into personal care, household products, packaged foods and other frequently purchased goods. Flipkart Minutes, launched in 2024, offers grocery and daily-essential products through approximately 10-minute delivery and had expanded to more than 1,000 micro-fulfilment centres across 130 cities by June 2026.

Major FMCG E-commerce Platforms

The evolution of FMCG e-commerce in India represents a shift from online grocery shopping towards on-demand and quick-commerce retailing. This transformation has increased the importance of local inventories, micro-fulfilment centres, digital ordering and last-mile logistics in the distribution of FMCG products. The major FMCG e-commerce platforms in India is showed in the table 1 and fig. 1

Table – 1: Major FMCG E-commerce Platforms in India

Platform	Major model / role
BigBasket	Online grocery platform with scheduled delivery and the **bbnow** quick-delivery service
Blinkit	Quick-commerce platform focused on rapid delivery of groceries and

	everyday products
Zepto	Quick-commerce platform specialising in rapid delivery of groceries and daily essentials
JioMart	Reliance Retail's online marketplace offering grocery and several other consumer categories
Swiggy Instamart	Quick-commerce service offering groceries, FMCG and other daily-use products
Flipkart Minutes	Flipkart's quick-commerce service offering groceries, FMCG and household essentials

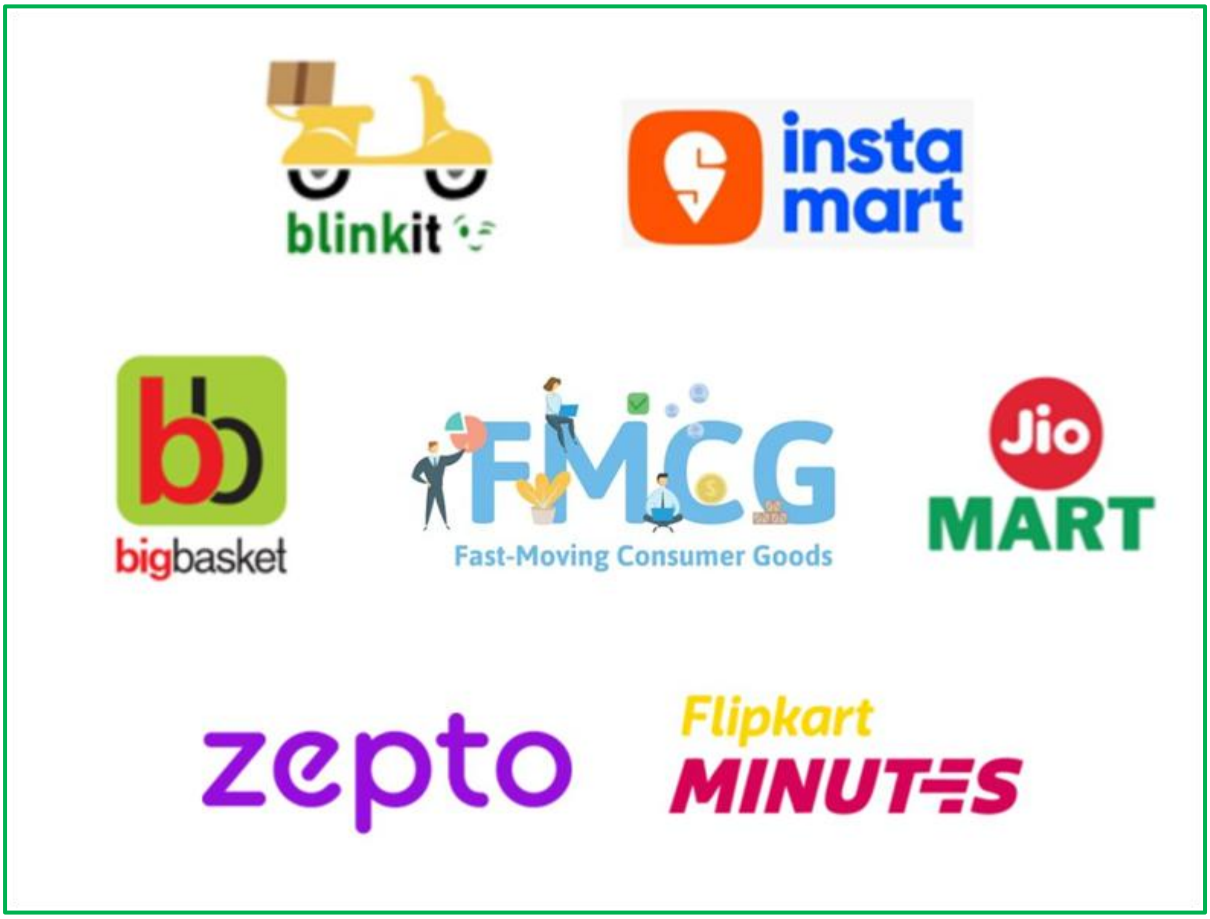

Fig. 1: Major FMCG E-commerce Platforms in India

Procurement Strategy and Supply-Chain Integration

Procurement and Sourcing

FMCG companies procure products and raw materials through a combination of direct sourcing from manufacturers and producers, wholesalers, processors and other suppliers. Digital B2B platforms are also becoming important in connecting retailers with suppliers. For example, udaan operates across FMCG and staples and uses technology to connect retailers with suppliers and brands, supporting sourcing, ordering and logistics.

Digital Supply-Chain Integration

Technology is increasingly being used to improve information flow, inventory management, market access and coordination across the supply chain. Digital platforms can reduce transaction costs and improve the flow of information between the buyers and sellers. ITC's e-Choupal provides an example of digitally enabled agricultural market linkages, offering price information, market access and other services to farmers. ITC has also reported using the network to support sourcing for its branded packaged-food businesses.

Linkages with Agriculture and Rural Producers

The FMCG supply chain has strong linkages with agriculture through processed foods, staples and other agri-based products. Digital and physical procurement networks can help connect farmers and producer organisations with markets. ITC's e-Choupal ecosystem, for example, combines digital market linkages with physical procurement centres and has been used to develop farm-to-market value chains. Such models can improve market access, price discovery and traceability while reducing transaction costs. Overall, the procurement system of the FMCG sector is moving towards greater digital coordination, stronger supply-chain integration and closer links between producers, processors, retailers and consumers. This transformation can improve efficiency and market access, although the extent of benefits depends on infrastructure, digital connectivity, quality standards and the participation of small producers.

Employment Generation in the FMCG E-commerce Sector

Direct and Indirect Employment

The FMCG sector generates employment across manufacturing, food processing, packaging, warehousing, transportation, distribution and retailing. IBEF reports that the FMCG sector provides employment to around 3 million people in India. The expansion of e-commerce is further creating demand for logistics, fulfilment and delivery-related activities.

Quick-Commerce Employment

The growth of quick commerce has increased demand for delivery partners, warehouse staff, pickers, packers, logistics coordinators and other operational workers. A 2025 survey reported that quick commerce was expected to generate around 500,000 new jobs, with delivery, retail, warehousing and logistics among the major employment areas.

Opportunities and Challenges

Major Opportunities

FMCG e-commerce offers opportunities for wider market access, faster distribution and greater consumer convenience. The expansion of quick commerce is also creating new demand for packaged foods, personal-care products and household essentials. India's quick-commerce market reached about US 7-8 billion in FY2025 and is expected to expand further, indicating considerable scope for growth (IBEF, 2026). The growth of rural consumption also provides opportunities for FMCG companies to expand their distribution networks into smaller towns and rural markets. Digital platforms can further improve supply-chain coordination through real-time demand information, inventory management and faster fulfilment. For FMCG producers, e-commerce also provides opportunities to introduce new products, reach final consumers and develop direct-to-consumer channels.

Key Challenges

Despite its rapid growth, the sector faces several challenges. Quick-commerce platforms require high order density, efficient dark-store operations and effective last-mile logistics to improve their economics. Competition among platforms can also increase expenditure on discounts, advertising and customer acquisition. Recent industry evidence shows that quick commerce is growing rapidly for FMCG companies, but it still represents a relatively small share of total sales for many major firms. Other concerns include packaging waste, delivery-related emissions, pressure on traditional retailers and the quality and security of platform-based employment. Expansion into smaller cities may also be constrained by lower delivery density, infrastructure limitations and differences in consumers' willingness to pay for rapid delivery. Therefore, the long-term development of FMCG e-commerce will depend on achieving a balance between growth, profitability, inclusion and sustainability.

Conclusion

The FMCG sector in India is undergoing a significant transformation driven by changing consumer preferences, expanding rural markets, food processing, digital payments and the rapid growth of e-commerce and quick commerce. The development of digital retail platforms has changed how FMCG products are procured, distributed and purchased, while creating new roles for technology, logistics and last-mile delivery. The transformation also strengthens the connection between agriculture, food processing and consumer markets by creating wider opportunities for value addition and market access. Therefore, FMCG e-commerce is emerging as an important component of India's changing consumer economy. Its long-term contribution will depend on how effectively digital innovation can be combined with efficient supply chains, inclusive market participation, sustainable practices and better opportunities for producers, businesses, workers and consumers. The future of India's FMCG sector is therefore likely to be shaped not only by faster delivery and technological advancement, but also by its ability to create efficient, inclusive and sustainable value chains.

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