# E-commerce in India in 2012: a Parameter to Development by Aanchal Sharma

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India is developing rapidly and if development is to be measured, how can we ignore the role of e-commerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but itâ€™s surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers.

Going by the statistics, the E-commerce market in India was worth about $2.5 billion in 2009. It rose to $8.5 billion by 2011 thus depicting a definite surge in the last two years. According to a statement released by the Internet and Mobile Association of India (IAMAI), these figures would reach up to $12 billion by 2012! To understand this scenario, we can divide E-commerce into three broad categories which include physical services, physical goods and virtual goods. Another category that is gradually making its mark is the local commerce (couponing, yellow pages, classifieds etc.) which offers significant overlaps with E-commerce.

The 1st category of physical services is definitely the major contributor which includes travel ticketing, jobs, matrimonial and event management websites with travel sites accounting for 75% of all E-commerce industries! More number of consumers is choosing the online payment mode since filling of digital forms is not a logistical nightmare, rescues them from the pain of standing in long queues. Moreover, it provides attractive deals too. It creates consumer awareness and reduces hindrances with payment procedures. Hence this category appears prepared for continued success even in 2012 further accelerating the current growth rates.

The 2nd category of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups/stores being launched daily. Leaders in this division are Flipkart, Infibeam, Homeshop18, Indiatimes, Naaptol, Letsbuy etc. each of which offers everything from mobile phones to pet food. Even though this section is sure to take considerable time to grab attention of the entire Indian multitude, it might be that 2012 becomes the year for its giant leap.

The 3rd and final category of virtual goods and gift vouchers like online music, softwareâ€™s, movies, games , Taj Hotel gift vouchers, Reebok gift vouchers, Pizz Hut gift vouchers etc. have been relatively lagging behind in India as compared to Europe and America, primarily due to piracy concerns and the social perspective of Indians. But the scenario is expected to change with the digital downloads segment expected to grow in the Indian E-commerce market due to the explosion of mobile devices and the services available over the Internet at special discounts.

Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

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