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Executive Summary

Internet in India has crossed the tipping point of 100 Mn users in 2011. Even though 69% of Indian population resides in the rural areas\(^1\), most of the internet users in India hail from the urban parts of the country. This presents a huge opportunity for growth in internet usage.

According to the latest IMRB survey, there are 38 Mn users in Rural India who have accessed internet which is 4.6% of the rural population at least once in their lives, although an encouraging growth, the penetration is still very low considering the huge population of 833 Mn. Of these Internet users, there are 31 Mn users who have accessed the internet at least once in the past one month.

The mobile revolution has been an accelerator for bringing the rural user online. As of June 2012, there are 3.6 Mn Mobile Internet users. This has grown 7.2 times in the past 2 years.

Some of the important trends in rural internet usage are:

1. **CSCs** play an important role in providing internet access to the majority. Of the Internet users, 57.7% have used the facilities at a CSC. Most of the internet users access internet at CSCs for getting information on Education.

2. The CSCs have become more accessible with the average distance a person has to cover to reach a CSC coming down to 6.6 Km. The average amount spent per hour for internet access has come down to Rs. 12 which enables more and more users to access the internet.

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\(^1\) The Census of India 2011 defines Urban Area as:

(a) All statutory places with a municipality, corporation, cantonment board or notified town area committee, etc.

(b) A place satisfying the following three criteria simultaneously:

1. a minimum population of 5,000;
2. at least 75 per cent of male working population engaged in non-agricultural pursuits; and
3. a density of population of at least 400 per sq. km. (1,000 per sq. mile).

Rest all are considered as Rural Areas.
3. Mobile phones have come up as an important point of internet access after CSCs, Public access centers and Homes. **12%** of the internet users access internet on their **mobile phones**.

4. **Entertainment** is by far the most important reason for internet access with 90% users aware of it and **75%** using it. 65% - 80% of users are aware of other services like communication and e-commerce and are willing to use it in the future. Innovative and user friendly content will be the enabler for the rural folk to use these services.

5. Usage of **vernacular language** is on the rise and availability of content in local language encourages the rural user to go online. Although 79% of the users access content in English, **32%** of the users access content in Hindi as well.

6. **42%** of the non users have said that they are **not aware** of the internet and **59%** have stated that they can't access the internet as they do not have an **internet connection**. Lack of awareness and infrastructure are the primary reasons for not accessing the internet.
I. Internet in Rural India

According to the I-Cube 2012 findings, there are 70 Mn Computer literates in rural India. Of these users, 38 Mn users are Claimed Internet users who have used internet at least once in their lives. 31 Mn users are Active Internet users who have accessed internet at least once in the past one month.

The mobile phone is also emerging as an important point of internet access in India. As of June 2012, there are 3.6 Mn Mobile Internet Users in India. Thanks to the falling prices of mobile phones, the penetration of mobile devices in Rural India is increasing tremendously. Also, the falling rates of mobile subscription have encouraged more and more user to subscribe to data plans on their mobile phones. In fact, most of the new internet users have started their internet journey on mobile phones.

The penetration of the computer literates among the Rural population is 8.4%. The penetration of claimed internet users in rural India has grown from 2.68% in 2010 to 4.6% in 2012. The penetration of Active Internet users has grown from 2.13% in 2010 to 3.7% in 2012. There has been an increase in this number over 2010 thanks to the increased impetus towards basic computer training in schools in the rural areas. Mobile usage and hence, mobile internet usage has seen huge jump from the 2010 penetration levels.

II. The Growth of Internet in Rural India

According to the IMRB estimates, the number of Claimed internet users in Rural India is slated to reach 45 Mn by December 2012. The number of claimed internet users has seen a CAGR of 73% since December 2010. We shall continue to witness a growth of internet users in the rural segment as the enablers of connectivity such as affordable mobile devices, network infrastructure becomes available for the rural areas.
The I-Cube 2012 Rural Survey was conducted in 7 states viz. Andhra Pradesh, Assam, Maharashtra, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh. In these states, 118.2 Mn were aware of Internet and 17.8 Mn Claimed to have used internet at least once in their lives (i.e. Claimed Internet Users). Of these Claimed Internet users, 14.7 Mn users have accessed internet at least once in the past one month (i.e. Active Internet Users). The rest 100.3 Mn are Non-Users of Internet.

III. Usage Behaviour of Internet Users

Here, we are defining an Internet user as one who has accessed internet ever in their lives i.e. a Claimed Internet User. Compared to last year, we have seen a growth of 18% among the Internet users in Rural India since last year. In the following sections, the usage behaviour of these Internet users have been explained.

III. a Point of Accessing Internet in Rural India

In Rural India, the Community Service Centres and Cyber Cafes are the point of access used by the majority primarily because of the availability of infrastructure. 29% of the Internet users have to travel more than 10 Km to access internet. Also, internet access at homes has emerged as one of the top access points. This clearly means a deeper penetration of PCs in the homes in Rural India.

But the shining star in the Rural Internet blockbuster is Mobile Phones. These are truly the enablers of internet for Rural India. We witness a huge 7.2 times growth in 2012 over 2010. Most of the users now are starting their Internet journey on Mobile Phones. We hope to see more vigorous growth in the coming years as the telecom infrastructure connects more and more villages in India.
There have been many initiatives by the Government and Private agencies to improve the Internet infrastructure in the Villages. Thanks to these initiatives, the Community Service Centres or the Cyber Cafes have become one of the major point of Internet accesses in the villages. Of the 17.8 Mn Claimed Internet Users, 57.7% have used facilities at a CSC.

The reducing distance of CSCs is also a reason for the increase in the number of internet users. The average distance the user has to travel to get to the nearest CSCs has reduced from 7.5 Km to 6.6 Km. This drop in the distance will definitely help bring internet access in their reach.

The Internet Users use the Internet mainly for Educational Purposes. Majority of the users look for information regarding School / Universities and Exam Centres. Then, the users use the CSCs for Commercial Services and IT Services viz. bio data preparation, printing etc. The average amount charged to access the internet facilities at the CSC / Cyber cafes per hour is Rs. 12. The reducing rates of accessing internet at public access centers is encouraging and enabling more and more users to access the internet.
III. b Purpose of Internet Access

### PURPOSE OF INTERNET ACCESS

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Awareness (%)</th>
<th>Used (%)</th>
<th>Future Usage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>90</td>
<td>75</td>
<td>69</td>
</tr>
<tr>
<td>Communication</td>
<td>80</td>
<td>56</td>
<td>57</td>
</tr>
<tr>
<td>Online Services</td>
<td>67</td>
<td>50</td>
<td>59</td>
</tr>
<tr>
<td>E-commerce</td>
<td>65</td>
<td>34</td>
<td>52</td>
</tr>
<tr>
<td>Social Networking</td>
<td>60</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td>Online Finance</td>
<td>38</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Rural Needs</td>
<td>28</td>
<td>16</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: IMRB-Cyber 2011. Base: 17.5 Mn Claimed Internet Users in 7 States

For the Rural Claimed Internet user, Internet is mainly a source of entertainment and communication and a huge majority of the users have used it primarily for entertainment. Although the awareness of online services and e-commerce is high, we do not see much usage primarily because of lack of knowledge. Although, many of the users have stated that they would like to use online services and e-commerce in the future. Thus, even though there is awareness, there is a pressing need to educate and inform the user of the benefits of the internet services to drive growth in internet usage.

Users mostly like to access Music, Videos and Photos for entertainment. Emails are mainly used for communication.

Users use the Online Services for Educational purposes and Online Jobsites. Users are aware that they can book tickets online but usage is not that high for this purpose. They have instead purchased mobile downloads viz. ringtones, applications online although these users would want to book tickets online in the future. Since mobile downloads are relatively easy to purchase than tickets, ease of transacting online is an important factor for the rural internet users. By making the user interface more user friendly for the rural user and educating them on the usage of online shopping portals, more evolved online shoppers will emerge from Rural India.

Same goes for online banking and payment of utility bills: Awareness is high, but usage is low. And the intention to use these services in the future is high. This means that the users are aware and willing to use these, but due to limitations regarding infrastructure / knowledge, they have not been able to.

Users are also aware that there are services catering to the specific rural requirements viz. information search related to address, phone numbers etc, latest farming techniques, weather forecasts, information on agricultural products and are willing to use these services in the future, current usage is low.
III. c Language of Internet access

Of the 7 states the survey was conducted in, apart from English, users also access the internet in other Indian languages. Currently, internet content is not widely available in regional Indian languages. This means that the user must have a general idea of English. Majority of the rural folks are not so comfortable in using this medium in English and this is holding them back from using internet fully for other purposes than online entertainment. With more content becoming available in the local languages, more users will start using the internet.

Source: IMRB-iCube 2012; Base: 17.8 Mn Claimed Internet Users in 7 States

IV. Behaviour of Internet Non-Users

In the 7 states the survey was conducted in, there are 100.3 Mn Internet Non-Users. There are various reasons behind not using the internet services. The reasons can be based on the following factors:

- Lack of Knowledge of Internet
- Lack of Means (or infrastructure)
- Beliefs (the Opinions held by the non-users)

IV. a Lack of Knowledge

Lack of Awareness of internet is a major reason for non-usage. Also, many feel that they need to learn to use the PC before they can start using internet.

Source: IMRB-iCube 2012; Base: 100.3 Mn Internet Non-Users in 7 States
IV. b Lack of Means

Majority of the non-users can not access internet because they do not have an Internet connection or a PC at home. Improper Electricity supply is also a main reason people are unable to access internet.

Lack of awareness and belief that there is no need for the Internet are some of the main reasons for not accessing Internet. Thus the Rural population needs to be educated and made aware of the benefits they can reap from using Internet.

But, one of the biggest reasons people are unable to access Internet is Lack of Infrastructure. Thus, to truly drive the Internet usage in rural areas, more initiative must be taken to improve the infrastructure.

IV. c Beliefs

People believe that they do now have the need for the Internet. Also, some users feel that Internet is meant for the Urban Dwellers.
Annexure

The research team at eTechnology Group with IMRB International adopted a combination of research techniques for this report.

**Quantitative Research**

Primary research has been conducted in line with ‘i-Cube’ reports, an annual syndication of eTechnology Group, IMRB International.

The syndicated research is based upon a primary research survey that interviewed about 15000 people from various age groups, across SECs and genders from the states of Assam, Maharashtra, Orissa, Tamil Nadu, Andhra Pradesh, Rajasthan and Uttar Pradesh.

**Selection of States**

- **Population Levels** - States were divided in terms of their population levels. For appropriate representation, we selected states having high and medium populations.
- **Literacy** - Literacy rates were examined for all the states and compared against the population. The states were divided and selected as having high, medium or low literacy levels.
- **Per Capita Income** - States were segregated as having high, medium and low per capita income with respect to the population of these states.
- **Disadvantaged Groups** - States were then compared on the basis of population of disadvantaged groups and urban population.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Uttar Pradesh</th>
<th>Maharashtra</th>
<th>Andhra Pradesh</th>
<th>Orissa</th>
<th>Assam</th>
<th>Tamil Nadu</th>
<th>Rajasthan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Literacy Level</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Disadvantaged Groups</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Urban Population</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Geographical Region</td>
<td>North</td>
<td>West</td>
<td>South</td>
<td>East</td>
<td>North-East</td>
<td>South</td>
<td>North</td>
</tr>
</tbody>
</table>

Tamil Nadu & Maharashtra have the highest literacy level among the higher population states. Similarly, Andhra Pradesh & UP have the lowest level of literacy in the high population states. Orissa has the highest no. of people among the medium population states which belong to disadvantaged groups. Per capita income of Maharashtra is the highest among the highly populated states. Similarly, UP has the lowest per capita income level in the high population states. Assam & Orissa also have low per capita income levels among the medium populated states. Assam & Orissa have the lowest urban population among the medium populated states.
About IMRB International and IAMAI

e-Technology Group | IMRB (a specialist unit of IMRB International) is a research based consultancy offering insights into IT, Internet, Telecom & emerging technology space. Our continuous link with industry and a constant eye on the pulse of the consumer ensures that we can decode the movements of technology markets & consumers. To our clients we offer an understanding of the present market environment and a roadmap for the future.

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About Internet and Mobile Association of India (IAMAI)

The Internet and Mobile Association of India [IAMAI] is a young and vibrant association with ambitions of representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers, but in the last eight years has come to effectively address the challenges facing the digital and online industry including mobile content and services, online publishing, mobile advertising, online advertising, ecommerce and mobile & digital payments among others.

Eight years after its establishment, the association is still the only professional industry body representing the online and mobile VAS industry in India. The association is registered under the Societies Act and is a recognised charity in Maharashtra. With a membership of 125 Indian and MNC companies, and offices in Delhi and Mumbai, are well placed to work towards charting a growth path for the digital industry in India.

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