# annual report 2012-13

IAMAI

Internet And Mobile Association Of India

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# Chairman's *Message*

Dear Friends,

Two years back in May 2011 when I took over as the Chairman of IAMAI, the general body of the association suggested that we do not spread ourselves thin on the ground. Instead focus on a few key areas and activities and deliver better results.

With the support of my co-office bearers, Dhruv Shringi and Lakshmi Narasimhan and the encouragement of the entire governing council, in the year 2012/13 we have focused on a few key areas that we believe would bring better recognition to the association and make it stand out as a true representative body of the digital industry in India.

Let me start by restating the key focus areas that we set out with: a) Proactive Public Policy; b) Stronger and more frequent communications with all stake holders with a view to build a stronger IAMAI brand; c) better quality research and popularizing IAMAI numbers; d) enhanced revenue targets and e) a large marquee event and awards ceremony.

I am happy to report that in almost all the five areas we have been able to achieve effective results. Here are some details.

**PUBLIC POLICY:**
Due to the brisk growth of the industry, especially social media users, Public Policy has been a very broad and involved area of work this year. It has taken us to as wide and disparate policy makers as the Department of Women and Child Welfare, Parliamentary Standing Committees, Planning Commission and the National Security Council. These and many more new areas unfolded before us in addition to

the regular departments, regulators and other stakeholders who directly impact policy making of our industry.

One of the new areas this year where we have been very vocal and proactive, has been the opening of foreign direct investment in consumer e-commerce in goods. This has been an important requirement of the industry and IAMAI, rightly so, was the first organized group to take it up with the relevant policymakers. While no policy pronouncement has yet been made, there is now much talk about opening this sector to FDI. We are hopeful that an appropriate policy announcement would be made soon. On this issue I would like to acknowledge the strong support extended to us of at least one other industry association and many individual members and stakeholders.

The amendments to the Indecent Representation of Women's Act seeks to include electronic and Internet medium under its remit. The amendment Bill was presented to the Parliament without consulting any of the industry stakeholders. However, with strong support from some of our members, IAMAI has been able to present its case to the related Parliamentary Standing Committee and argued inter alia that "intermediaries" need to be granted Safe Harbour provisions which is analogous to that provided in the IT Act and the Copy Right Act.

There also appears to be some positive movement on the IT Act Rules that have been at the centre of some debate since 2011. The Parliamentary Committee on Tertiary Legislation has reviewed the critical issues around the rules and submitted its recommendations. While no government notification has yet been issued, it appears that a couple of changes in the section 79 Rules as suggested by IAMAI may get formalized.

We have also been working closely with regulators, industry bodies and others on popularizing digital payments, general health and well being of the mobile data industry, promotion of local language on the web and a host of other issues. You could read about them inside on the chapter on public policy.
In the last two years that I have held office "Self Regulation" seems to have been a common word both with policy makers as well as industry. You would be aware that IAMAI has been successfully managing a self-regulatory group of SMS aggregators. We are working towards industry consensus on the following self-regulatory mechanisms: credit recovery process for online publishers, code of conduct for email marketers and mobile value added services.

## COMMUNICATIONS:

As a longstanding member of IAMAI, I have observed that many a times the good work done by the association has gone unnoticed by industry and other stakeholders simply because there was no sustained and effective communications. I believe, good work needs to be amplified by strong and sustained communications. To institute this we have started the "Internet Economy Watch" and "Weekly Update". The first is a monthly e-zine that collects and communicates key industry numbers. The second is a weekly e-zine on the activities of the association. Along with the "Thinking Aloud" magazine, these two, I believe, have strengthened and amplified our communications manifold. Of course, as a result of our work, we have been able to get considerably better media coverage this year compared with the last. The details are in a succeeding chapter of this report.

## RESEARCH:

Better quality research and popularizing IAMAI's industry numbers have been one of the focus areas of work this year. Market and strategic industry research has always been a strong point of the association and this year we have tried to build further on that foundation. You would be satisfied to note that last year our internet user numbers, mobile internet user numbers, ecommerce market size numbers among many others have been used for policy making and seems to have found general acceptance for building business cases.
In addition to market research, we have also published three strategic reports on niche areas. The first

one was on the trends around Smarter Commerce and how companies are updating themselves to engage with connected and empowered customers. The second one was on the present state of awareness, use and purpose of use of mobile platform by enterprises to engage with various stakeholders, with IMIMobile and the third one was with Wipro Technologies on identifying the major drivers and barriers of the Indian MVAS market and provide insights that will help to grow this market.

I must also mention that the strategic report on e-commerce with KMPG started this year is likely to be complete by May 2013.

**REVENUE:**
At the beginning of the year, we had set an enhanced revenue target for the association and I am happy to report that the revenue of the association has gone up by 28 percent compared with 2011/12 and the net surplus of income over expenditure has risen by 26 percent. Interestingly, for the first time we have seen a better mix between membership revenues and revenues from other sources. As is the practice, we would be tabling the audited balance sheet at the Annual General Meeting for your perusal.

I am also pleased to inform you that this year several big names from our industry including makemytrip, Yahoo, Amazon, Adobe and Reliance Infotel have become our members.

**MARQUEE EVENT:**
It would not be an exaggeration to state that IAMAI is a pioneer in organizing large networking events around the digital industry. This year, we wanted to coalesce our networking and organizational strength to one marquee event, the India Digital Summit. Those of you who attended the Summit would admit that it was not only qualitatively different from previous editions but also a major landmark in the digital calendar of the year. There were several high profile speakers from the government including Shashi Tharoor, Montek Singh Ahluwalia, Nandan Nilekani and Sam Pitroda. It was a collective effort of the organizing committee, the governing council and the secretariat. I hope that the event grows bigger and better in the succeeding years.

The Digital Awards this time was also scaled up, and we did few things differently. The number of awards was reduced, and the focus was firmly on rewarding innovation and quality. The prominent winners this time were: Ola Cabs as the best start-up of the year, Naveen Tewari as the Best Mobile Person of the Year and Angels of India as the Best Internet Person of the Year.

True to its spirit and mandate, IAMAI has once again made a pioneering effort to organize a large format and platform agnostic apps developer's programme. The event held in Hyderabad aimed to connect apps developers with business opportunities. We intend to take this event to other smaller cities in the next fiscal.

Finally, as I demit office, I would like to welcome the new governing council and new office bearers and I am confident that they will drive the activities of the association with more energy and involvement.

Sincerely,
Hitesh Oberoi

# Vice Chairman's *Message*

Dear Colleagues,

It is my pleasure to share with you some key trends in the industry for 2012/13. Let me begin with three key positive developments this year.

By far, the most important trend this year has been a flowering of entrepreneurship around internet. Open any business magazine and you would not miss out on the list of so called young entrepreneurs. What is interesting to us in the industry is that most of the new business models have either internet as the core or as the most important delivery channel. Internet seems to be at the heart of most new consumer business models. A related trend is the sheer variety and granularity of businesses based on internet: from selling lingerie to listing of domestic helps and drivers on one side; to mobile based search for non-internet users to aggregating budget hotels on the other. Internet based business models now clearly seem to be touching all aspects of day-to-day life.

The benefits of a thriving environment for digital entrepreneurs to the economy and society are well known to be recounted here. However, common feature of most of these new businesses is that they are based on transactions. This is important since not more than 8-10% of internet users in India are transacting customers and we need to work towards improving this.

The second trend pertains to the larger question of what is attracting users to the internet? For as long as I can remember, email has been the most popular "application" on internet in India. However, this year for the first time, email's dominance was seriously and perhaps permanently challenged by social media. IAMAI's first market research on social media shows that 2 out of every 3 internet users use social media. In my view, it is just a matter of another 8-12 months when social media will emerge as the most important driver of internet adoption. Again as in the case of entrepreneurship, the benefits of social media to transparency and freedom of expression are well known. What is less known is that given their large, concentrated and engaged user base; social media acts as a low cost key tool for building consumer businesses, thereby promoting digital entrepreneurship.

The third trend to watch this year was the rapid growth of internet users in smaller towns. Here are some numbers to substantiate the point. 41% internet users are from towns with less than 5 lakh people and 21% users are from towns with less than 2 lakh people. There is also a slow down in the growth rate in the top 8 metros. A corollary trend is the rapid rise of active internet users in rural areas to 31 million. It would be correct to assume that the "future" lies in smaller towns and rural areas. I am personally of the view that social media platforms and transaction based consumer services are driving this growth.

Of course, there have been some challenges. Most notably, pains of yet another transition in the mobile content business and consolidation around inventory based ecommerce in goods. However, without belittling these challenges, I would suggest that these are necessary pains of growing up!

As I end my tenure as one of the three office bearers of the association, I would like to formally appreciate the help and support of the governing council members and my co-office bearers Hitesh Oberoi and Lakshmi Narasimhan. I formally welcome on board the new office bearers and am happy to serve on the new governing council.

Cheers,
Dhruv Shringi

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# India Net economy globally hot

Tech-IT-Easy

N Madhavan, Associate Editor

AT THE weekend, I saw a Tamil romantic comedy, "Kaadhalil Sodhappuvadhu Eppadi" (How to Screw Up in Love). My epiphanic moment in the breezy story came when the protagonist college student's father logs in to Facebook to discover his son's girlfriend.

When parents are on Facebook in a regional Indian movie, you know things have changed.

Last week, *Bloomberg Business Week* magazine, citing digital analytics company Socialbakers, said by 2015, India will have more Facebook users than any other country, shifting the social networking action away from the West to the East.

Socialbakers says India's Facebook population is growing 22% every six months. It currently has 46.8 million, behind Brazil's 48 million and the US, which is far ahead with 156.8 million. Given the growth current clip, India and the US are expected to level at 170 to 175 million by 2015.

If that is not evidence that India's Internet economy is hot, sample some statistics compiled from leading websites by the Internet and Mobile Association of India (IAMAI) last week.

— India's online recruitment portals saw 2.0 million resume uploads in April, 2012, up from 1.82 million in April, 2011.
— Matrimonial profile uploads rose to 2.74 million in April from 1.35 million a year ago.
— E-tailers of branded apparel saw 5 million visits in April, up from 2.54 million a year earlier.
— Irctc.com saw 5.56 million e-ticket bookings in April, up from 2.26 million in April, 2011.

On May 23, I saw visible optimism at the India Internet Day organised by Delhi chapter The Indus Entrepeneurs (TiE) network, with CEOs of Web startups oozing with ideas and data to convey a rosy picture. I have seen an Internet "dotcom" bubble bust around 2000. I just wonder if the projections made before that bubble are coming true now.


# 1 Public *Policy*

Given the Council's mandate, public policy this year was handled in a very proactive and granular manner. Our work in public policy this year has been around engaging new constituencies and new stakeholders more deeply than in the past.

## LEGISLATION AND REGULATIONS:

***a) FDI in e-Commerce***

One of the most important issues that the association has strongly advocated this year has been the case of FDI in Consumer Ecommerce in Goods. The association is of the view that FDI is an important element in the growth and fruition of consumer ecommerce in goods and has advocated a very liberal regime of FDI in this segment. In our efforts to make a case to the government, IAMAI in consultation with several companies has prepared a short position paper on why FDI is necessary and what shape the policy should take. This paper has been submitted to relevant policymakers.

While there has been no outcome of our submission in form of a changed policy, the subject no longer seems to be a "taboo" and is being widely talked about in appropriate circles. The IAMAI paper as submitted to the government can be seen in appendix 1.

***b) Indecent Representation of Women (prohibition) Bill 2012:*** In course of the year, amendments to this existing Act were made by the government and an amended Bill was presented before the Parliament and referred to the Standing Committee on Human Resources Development. The amendments sought to include all "electronic" media under its purview thereby impacting mobile and internet. The amendment Bill was presented to the Parliament without consulting any of the industry stakeholders. However, with strong support from our members, IAMAI has been able to present its case to the related Parliamentary Standing Committee and argued inter alia that "intermediaries" need to be granted a Safe Harbour provisions analogous to that provided in the IT Act and the Copy Right Act.

*c) IT Act:* It has been a long standing suggestion of the association that many provisions of the IT Act Rules pertaining to section 79 were not implementable and/or subject to misinterpretation. Since the publication of the Rules in April 2011, IAMAI has been persistently arguing about the need to change some of these Rules related to Due Diligence Process. This year, there seems to have been some forward movement on the issue. The Parliamentary Committee on Tertiary Legislation reviewed the position of all stakeholders on the Rules of the IT Act and recommended some crucial changes in the. More importantly, the government by a notification on 18 March clarified two of the subsections of the section 79 Rules that IAMAI members had been contesting. The notification appears in appendix 2.

Guidelines to clarify IT rules likely soon

*d) Copyright Act:* You would recall that the Copy Right Act was amended and passed by the Parliament in 2012. Following the enactment of the amendments, IAMAI was directly involved int the Rule making process. The Rules pertaining to the Copy Right Act have been since then notified.

*f) POCSO (Protection of Children from Sexual Offences Act):* One of the important Acts affecting the industry that unfortunately bypassed the attention of the association and many of its members was the POCSO. The association was not able to provide any pre-legislation feedback to the government. However, given the importance of the Act to the industry, discussions are on on the levels of compliance and how best to support the government in implementing it.

*g) ITRs:* Under the aegis of ITU which is a G2G forum for Telecom, the ITRs were sought to be changed in consultation with member countries. The Government of India had prepared a position on the ITRs without considering any of the substantial feedback that was given to it by the industry body. One of the most debatable issues that the government of India position supported was the expansion of ITU to include ICT. Other issues were overtly controlling content. The government of India position was contested by FICCI, COAI and IAMAI in a common paper that was shared and made the basis of ITR discussions in Dubai. Post the meeting in Dubai, the government has committed to holding domestic discussions at length before finalizing its position at international forums connected with telecom and ICT.

*h) Planning Commission:* In January this fiscal, we were asked by the Deputy Chairman Planning Commission to make submission from the "internet business" point of view on the 12th Plan. The association in right earnest took up his suggestion and made a detailed suggestion. This inter alia covered development of entrepreneurship, "push backs" to the digital industry, possibilities of ecommerce and a host of other issues relevant to the digital industry. We also suggested that the Planning Commission set up a "Think Tank" which would look in to the issues affecting the digital industry and make suitable nonbinding recommendations. Our submission to the Planning Commission is in Appendix 3.

*i) Mobile Content:* The Mobile Content industry seems to be passing through yet another phase of transition and a very difficult one at that. Implementation of the activation Direction of the Regulator has thrown the entire industry and the upstream and downstream industries in a quandary and a solution seems to be evading us. However, the positive development have been: a) the Regulator is keenly aware of the effect of the regulation on the downstream industry notably on mobile content and mobile creative industries and b) all industry stakeholders are on the same page on the way to resolve the situation.

*j) Digital Payments:* IAMAI has been at the forefront of issues and challenges affecting the industry and has been working closely with the Reserve Bank of India is creating a better environment for the digital payments industry in India since 2008. This year in addition to making several suggestions on operational issues related [some of which were reflected in changed RBI guidelines], we were also happy to share our feedback on the RBI document: "Vision Document 2012-2015". As a part of our feedback to this path-breaking document, we suggested practical ways and means of reducing cash and moving towards a less cash based system of transaction. The full text of our submission is in appendix 4.

In addition the RBI had also approached the association for a feedback on a self regulatory mechanism for the pre-paid industry and for suggesting ways and means of expanding the market in prepaid systems. After due consultation with members, we have submitted the association's views to the RBI.


RBI Reduces Transaction Fee for Online Payments Via Debit Cards

## GOVERNMENT FORUMS:

***i) IPv6 Forum:*** IAMAI continued to be a member of the IPv6 Forum as well as it managing committee. The forum is chaired by the Secretary Department of Telecommunications and is entrusted with the promotion of IPv6 adoption in India.

***ii) National Fiber Optic Network (NOFN) & IAMAI's involvement:*** This year, IAMAI was invited to the NoFN Advisory Council Chaired by the IT by the Honourable Minister of Telecommunications and IT. This would enable the association to directly monitor the implementation of National Fibre Optic project.

***iii) CRAC:*** This year IAMAI has been invited to be a member of the Cyber Regulations Advisory Committee. The committee is chaired by the Honourable Minister of Communications and IT and is entrusted with the review, update and changes to the existing cyber laws and regulations.

***iv) Working Group on Cyber Security:*** IAMAI also become a member of the working group on Cyber Security convened by the National Security Council Secretariat. The working group is mandated to look into aspects of cyber security from the perspective of national security and all leading associations are members of the group. The working group is chaired by the Deputy National Security Adviser.

***v) Equinet:*** An interesting group has been formed within the Department of Electronics and Information Technology in the transition from Internet to Equinet - a curious idea that marks the possible movement to equal access to "governance" of internet, access and use of internet across the globe. We are happy to inform you that IAMAI is a part of this group.

## SAFE SURFING AND POLICE TRAINING:

This year, we conducted a campaign with the support of Opera. Approximately, 13500 students were covered in colleges across Indore, Bhopal, Gwalior, Agra, Kanpur, Lucknow. Safe Surfing sessions were also conducted for Parents at Delhi, Dehradun, Ludhiana ,Karnal and Jaipur.

Like in previous years, this year too Police Training sessions were conducted. Session on general awareness and security was conducted in Rohtak Range, CDTS (Central Detective Training School), Moradabad Police Training, Central Intelligence Head Quarters Lucknow, ATS Training at Lucknow, and Gurgaon Police.


Date: Oct 05 2012

साइबर फ्रॉड से बचाएगा 'सर्फ सेफ'

## SELF REGULATION:

In the last two years, Self-Regulation has become the operating principle of regulation. We at IAMAI have been managing self regulation for the last two years. This year while the SMS Self Regulation Forum worked well, we also toyed with the ideas of self-regulation in credit recovery for publisher, email marketing and mobile content. We must confess, in spite of our best efforts and much groundwork, there was no visible outcome in these areas.

# 2 Events

Large industry events in the form of conferences, seminars and summits have been a key area of the association since 2005. Most of the events are annual and now established. However, every year in addition to upgrading the content and adding new perspective, the association also experiments with at least one new topic. This year we organized two "experimental" events: The Apps Developers' Meet and the Email Marketing Summit. The response in both cases was beyond our expectations. The main aim this year was to visibly scale up at least one event and set it up as a marquee industry event of the year. India Digital Summit was the one that we were successfully able to scale up this year. Details of the event organized this year are in the following paragraphs.

**7TH INDIA DIGITAL SUMMIT:**

The India Digital Summit has grown to become the flagship annual event of IAMAI, and is one of the largest annual gatherings of the digital industry in India today. It is a platform and a springboard for mobile and online marketers, entrepreneurs, brand owners, media agencies, e-commerce, mobile & internet companies, technology companies, OEMs, entertainment companies, investors, digital payment companies, mobile VAS providers and digital advertisers amongst others to showcase, network, interact and brainstorm on the possibilities of mobile and digital media and devise and enabling policy framework in close interaction with government officials. This year, the 7th India Digital Summit was held on 16-17 January, 2013, in New Delhi.

The two-day event was attended by more than 800 delegates from across the industry, including CEO's, CXO's and CMO's, brand managers, and several marketing gurus. Building on the theme of "Creating the World's Largest Free Market Digital Economy" the Summit was focused on five tracks: Infrastructure, Regulatory Frameworks, Services & Content, Entrepreneurship/Innovation and Business 3.0.

Dr. Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission delivered the inaugural address. Other prominent government speakers included Shri R Chandrashekhar, Chairman (TC) & Secretary, Department of Telecommunication, Dr. Shashi Tharoor, Minister of State for HRD, Mr. Sam Pitroda, Adviser to the Prime Minister on Public Information Infrastructure and Innovations & Chairman, National Innovation Council and Mr. Nandan Nilekani, Chairman, UIDAI. Key speakers from the industry included: Ilja Laurs, Founder and Chairman, GetJar; Lars Boilesen, CEO, Opera Software; Alok Mittal, Managing Director, Canaan India; Anupam Mittal, Founder and CEO, People Group; Deep Kalra, Founder and CEO, Makemytrip; Ankur Warikoo, CEO, Groupon India; Jonathan Bill, Senior Vice President, Business Development and Innovation, Vodafone India; Manoj Chugh, Regional President, Global Accounts-APJ, EMC; Mukesh Bansal, Founder, Myntra.com; Muralikrishnan B, Country Manager, eBay; Mahesh Murthy, Founder, Pinstorm and Co-founder, Seedfund; Neville Taraporewalla, Sr. Director - Emerging Markets - India, Malaysia, Thailand & Korea Advertising & Online, among others.

Besides, there were workshops on: "Importance of Creativity to Digital Advertising", "Email Marketing", "CXOs Closed door discussion on Local Language – The Game Changer".

The other highlight was the Start-Up Unconference - A peer to peer, informal sharing of views between new entrepreneurs and start-ups of our industry, which was chaired by Mr. Sanjeev Bikhchandani, founder and Executive Vice-Chairman of InfoEdge.

Delivering the inaugural address, Dr. Montek Singh Ahluwalia spoke on the government's initiative towards the development of Internet. Dr. Ahluwalia said: "The focus of the government now is only geared towards developing infrastructure, like the Optical Fibre Network that is going to helps in connecting villages through its extensive bandwidth." Further he urged on the industry players to lobby for creating awareness among the people and the government to help develop appropriate business models of the industry. He also embarked on setting up a group to assess the terms of the 12th Year Plan and provide feedback to the government to ensure the rightful development and growth of the mobile and internet industry. Mr. Hitesh Oberoi, CEO, InfoEdge, and Chairman, IAMAI, delivered the welcome address, while MR. Dhruv Shringi, Co-Founder & CEO Yatra, and Vice-Chairman, IAMAI, delivered the vote of thanks.

Shri. R. Chandrashekhar, delivering the key note address, said that the lack of digital information in the country, which would help to build appropriate business models, is the prime concern of the country as far as connectivity is concerned. Shri Chandrashekhar also emphasised on the need for developing a system where there is an equilibrium and balance in the sharing of revenues between the telecom service provider (TSP) and the other service providers to ensure the growth of internet and increased connectivity. The session was moderated by Mr. Hitesh Oberoi.


The first plenary session of the day was on 1000 digital start-ups a year: How to make it happen? The main focus of the session was on Policy, Innovation, Infrastructure, Social Support and Funding. The session was moderated by Mr. Satyan Gajwani, CEO, Times Internet. The panellists included: Mahesh Murthy, Founder, Pinstorm and Co-founder, Seedfund, Manish Vij, Founder, VUN Network, Pranay Gupta, Joint CEO, Centre for Innovation, Rajesh Sawhney, Founder, GSF Accelerator & Superangels, Mukund Mohan, CEO in Residence, Microsoft Startup Accelerator.

Mr. Sawhney said that the question of 1000 Start-Ups or 10,000 Start-Ups (as an indication of health of the ecosystem,) is not correct. "The question is, do we have space for innovation in this country, and can we create globally scalable businesses? When you start asking this question, you feel that everything in this country is broken. IITs are self obsessed ecosystems busy with themselves. Corporates don't do any buying, there are no acquihires. IPOs are almost impossible to build in this country, and then there are issues regarding those countries which are profitable, forcing our companies to go overseas. I see the hope in two dimensions: our digital economy is flipping over from 100 million to a 300 million smartphone economy. We've never had that. The second is that we have talent – we have entrepreneurial, hustler sort of talent, but not geeks and cutting edge technology, and we do not have product and design people. Accelerators can play a part in this and this is a cultural issue." Mukund Mohan pointed towards instances of an 11 year old girl who created a jewellery application on the iStore, which had 10,000 downloads, and Raghav Sood, who has written two books on Android development, saying that there are instances of kids bringing value to the ecosystem, who need to be encouraged.

Manish Vij pointed towards the need for large companies to play a role, becoming internal incubators, providing exits, and also welcoming unsuccessful entrepreneurs back into their fold. Mahesh Murthy from Seedfund said that there's a need for success stories, and role models to inspire entrepreneurs. Summing these points up, Satyan Gajwani, said that there are four themes – there is a need to create a grassroots cultural validation of entrepreneurial culture. Second is that there is an infrastructure component. Third is the financial element, is there enough funding in the market, are there enough exits? The fourth thing is the government involvement.

The next session of the day was on "Lowering the barrier for mobile web - for both operators and users". Mr. Peter Panait Lojmand, Senior Vice-President, Opera Software, delivered the key note address, and the session was moderated by Mr. Sanjay Goyal, Chief Executive Officer, ACL Wireless.

The second plenary session of Day 1 was on Cloud – Leveraging the Cloud for Business Efficiency. The session was moderated by Mr. Manoj Chugh, Regional President, Global Accounts-APJ, EMC. The panellists included: Mr. Manav Khanna, Sr. Consultant – Enterprise Security, SafeNet Inc, Mr. Jasminder Singh Gulati, Co-founder and Chief Executive Officer, Nowfloats, Mr. Ravi Shankar, Chief Executive Officer, Nevales Networks, Mr. Mandar Kulkarni, Vice-President, Solution Engg & Pvt. Cloud Practice, Netmagic, Ms. Balaka Baruah Aggarwal, Business Evangelist, Amazon Web Services, Mr. Jaydeep Nargund, Head Services - India, AKAMAI and Mr. Vivek Ravindran, Director-Core & App Platform, Microsoft.

The next highlight of the day was a key note address by Mr. Nandan Nilekani, Chairman – UIDAI. The session was moderated by Dr. Shubhashis Gangopadhyay, Managing Trustee, India Development Foundation. Mr. Nilekani, said. "The potential of having 60 crore mobile banking linked to Aadhaar is what we are targeting in future. This will have ripple effect on e-commerce and various other mobile transactions," said Mr. Nilekani,. UIDAI expects to enroll 600 million by 2014, and as of today there are 250 million registered people. The unique identity number will be pivotal for KYC and e-KYC with internet penetration on a steady rise.


Delivering the next key note address, Mr. Sam Pitroda reiterated the need of various platforms like UIDAI for progress towards a developed economy. Mr. Pitroda said, "While technology is advancing, information is not spreading at a proportionate rate. We need to have platforms that will help disseminate information though the government is spending over Rs 10,000 crore on public information systems." He further added, "The creation of 4 data centres, the growth of cloud computing along-with 1.6 percent empowerment of Indian's economy by internet will fuel technology growth."

The plenary session three of the day was on Social media – Freedom, Moderation or Regulation. The main discussion points were: Limitation of users, Right to express views, Monitoring and the right regulation. The session was moderated by Mr. Sunil Abraham, Executive Director, The Centre for Internet and Society. The panellists included: Rajesh Kalra, Chief Editor, Times Internet, R. Sukumar, Managing Editor, Mint and Shivam Vij, Kafila.org.

The second day of the 7th India Digital Summit was started by a keynote Address by Mr. Ilja Laurs, Founder and Chairman, GetJar. The topic was "Future of Apps and their Monetization."

The highlight of the second was the keynote address by Dr. Shashi Tharoor, Minister of State for HRD, on Communications Challenges in the Age of Social Media. The session was moderated by R. Jagannath of FirstPost.

According to Dr. Tharoor, "I am not in favour of snuffing social media. Freedom of speech is a fundamental right and people across the globe use various forms of social media to air their views. Unless a post is inflammatory, the government should enable this amazing tool. Unfortunately, there have been instances here in India where social media was used to create communal tensions and ethnic unrest."


The next plenary was on Mobile Internet as a game changer. The session was moderated by Mr. Jonathan Bill, Senior Vice-President, Business Development and Innovation, Vodafone India. The panellists included: Mr. Neeraj Roy, Managing Director & Chief Executive officer, Hungama, Mr. Vijay Shekhar Sharma, Founder & Chief Executive Officer, One97, Mr. Vishal Maheshwari, Senior Director & Head, Sales, Yahoo India, Mr. Umesh Kulkarni, Founder, Newshunt and Mr. Anil Mathews, Founder & Chief Executive Officer, AdNear.

Plenary five was the star-studded session on e-Commerce 2.0: The Emerging Trends. The session was moderated by Mr. Avnish Bajaj of Matrix Partners. The panellists included: Mr. Alok Mittal, Managing Director, Canaan Partners India, Mr. Sachin Bansal, Co-founder & CEO, Flipkart, Mr. Sundeep Malhotra, Chief Executive Officer, HomeShop18, Mr. Muralikrishnan B, Country Manager, eBay, Mr. Mukesh Bansal, Founder, Myntra.com and Mr. Ankur Warikoo, Chief Executive Officer, Groupon India.


Plenary session six was on: ***Marketers Viewpoint – Online and Mobile Marketing***. The session was moderated by Mr. Upen Rai, Chief Operating Officer and Executive Director, AntFarm. The panellists included: Mr. Sanjay Tripathy, EVP - Head Marketing, Products and Direct Channels - HDFC Life, Mr. Manish Kalra, Chief Marketing Officer, MakeMyTrip, Mr. Vinay Bhatia, Customer Care Associate and VP - Marketing and Loyalty, Shoppers Stop, Mr. Samil Malhotra, Vice-President Sales and Marketing, The Lalit Suri Hospitality Group, and Mr. Manu Kumar Jain, Co-founder & Managing Director, Jabong.

The focus of the session was to reveal the real story and what marketers say about digital media and its tools. The sole intention is to hear from the marketers about their experience of marketing on digital platforms and what are their expectations from the medium.

The last session of day 2 – the Plenary Session titled: ***Interaction:*** Attracting and retaining talent for Digital Industry, was a major highlight of the event with industry stalwarts such as Mr Sanjeev Bikhchandani, Mr Deep Kalra, Mr Anupam Mittal, Mr Dinesh Agarwal and Mr Neville Taraporewalla interacted face to face with 8 students.

***3rd India Digital Awards:*** IAMAI announced the winners of the 3rd India Digital Awards coinciding with 7th India Digital Summit, 2013. There were more than 800 entries for 6 Categories and 31 subcategories for the internet and mobile value added services industry. The categories were Digital Advertising; Website; Digital Social and Economic Empowerment; Mobile VAS; Digital Payment and Special Awards. While Angels of India was awarded the Internet Professional of the Year, Naveen Tewari of InMobi was declared as the Best Mobile Person of the Year. Myntra.com was adjudged the best e-commerce site while goosebumpspickles.com won the Jury Special Mention prize for best e-commerce website.

The jury comprised of eminent industry representatives from across the spectrum such as Mr. Abdul Khan - Sr. Vice President & National Head – Business Marketing Group, Tata Teleservices Ltd; Mr. Alok Mittal, Managing Director, Cannan Partners; Mr. Sachin Bansal, CEO & Co-Founder, Flipkart.com; Mr. Dinesh Agarwal, Founder & CEO, IndiaMART; Mr. Hitesh Oberoi, MD, Info Edge (India) Ltd; Mr. Manish Vij, Founder, Vun Network; Ms Mariam Mathew, COO, Manorama Online; Mr. Sanjay Tripathy, EVP - Head Marketing, Products and Direct Channels, HDFC Life; Mr. Sanjay Goyal, CEO, ACL Wireless; Mr. Satyan Gajwani, CEO, Times Internet Ltd; Mr. Vijay Shekhar Sharma, Founder, One97 Communications; Ms. Virginia Sharma, VP, Marketing and Communications, IBM; Mr. Vishwadeep Bajaj, CEO, Valuefirst.

## MARKETING CONCLAVE

IAMAI's 8th Marketing Conclave witnessed a convergence of experts from the domains of internet, marketing and mobile marketing industry with a view to identify and address the questions in the digital marketing space currently and the understanding of what makes a correct digital mix. The sessions were around self explanatory themes like: 'Social Media Marketing: Daag Acche Hain!'; 'Mobile Advertising: Isko Laga Dala to Life Jinhga La La!'; Video Marketing: Papa Ki Kara, petrol Khatam hi Nahin Honda'; 'Taking India to the World: Because I am worth it' and 'Power of Digital: Taste The Thunder'

Over 350 plus representatives of companies like LIC, DraftFCB Ulka, Birla Sun Life, Volkswagen, Travelocity, Reliance, Group M, O& M, L & T General Insurance, Mahindra and Asian Paints among others attended the event.

## 4TH NATIONAL CONFERENCE ON DIGITAL COMMERCE

The 4th National Conference on Digital Commerce was held on April 25-26in Mumbai. The conference was attended by over 400 representatives from various verticals that included E-commerce, BFSI, Brands, Digital Payments and other stakeholders in the eco system.

Mr. Himanshu Singh, Chairman & Managing Director Travelocity, who also chairs the IAMAI Digital Commerce Committee, delivered the welcome address. In his address, Mr. Singh highlighted how the common industry issues will be best resolved only if the industry as a whole come together and have a common vision and strategy to overcome them. These will also enable to move the government to get the right kind of support to ease the current ecosystem.

Mr Muralikrishnan B from eBay talked about the eCommerce & livelihood and impact on people who are trying to make a living. He touched on the opportunity brought in by the rapidly growing eCommerce industry which is hereby creating a rich & vibrant ecosystem.

Power Panel 1 on “Bharat Online: eCommerce beyond Metros” was moderated by Mr. Kashyap Vadapalli – eBay, and discussed issues and challenges relating to reaching out to tier 2 & tier 3 segment of people. The session revealed some interesting facts on how rural India has contributed the growth of eCommerce. Other panellists in this session were Pradeep Malu -iStree, Ravi Vora - Flipkart, Harinder Takhar – PayTm, Jiby Thomas - Quikr and Ashutosh Lawania – Myntra.

Other panel discussions were on “Sourcing in Right”; Cash or Cashless?: Accelerator for next level of growth”; “Logistics: Complex & Diverse Distribution Model”; “Marketing & Customer Acquisition: Getting it Right”; “Luxury Online - iStreet before High Street”; “Finance Online”; “ Under-invested or Over-invested Investors View”. The other highlight was the debate on Deal & Delivery:

The session was moderated by Muralikrishnan B and others joining him were Ashish Kashyap – IBIBO, Guarav Kachru - DealsAndYou.com and Rajesh Nahaar – Cbazaar.

## FINANCIAL INCLUSION & DIGITAL PAYMENT

The 5th Financial Inclusion and Digital Payment Conference provided a forum to interact with industry professionals to know where does the financial world meets the digital.


Speaking at the Inaugural Session, Shri G Padmanabhan, ED, RBI said that RBI proactively encourages Electronic Payment System for a cashless society, which is efficient, safe, authorised and interoperable. “We need to use innovative solutions and improvised fixes not only for competitive advantage but our future economical development is sustainable and inclusive,”

## TRAVEL AND TOURISM CONFERENCE 2012

The 4th Travel and Tourism summit was held in June 8 in New Delhi, and witnessed participation of around 100 companies representing over 350 delegates. In his welcome address, Mr. Himanshu Singh Chairman & Managing Director Travelocity and Chairperson of the IAMAI Digital Commerce Committee talked about the strategic vision of Travel Industry.


Marco Gorin, Chief Commercial Officer, Interglobe Technology, Sanjoy Pasricha - The Leela Palaces, Hotels & Resorts, Devdutta Banerjee - Starwood Hotels & Resorts, Samil Malhotra - The Lalit Suri Group, Tarun Lakhanpal - Lemontree Hotels and Sajid Mahmood - Sarovar Hotels, Subhash Goyal - STIC Travel Group, Amitabh Pandey - Thomas Cook India, Stephen King - Virgin Atlantic, Urrshila Kerkar - Cox & Kings India Niraj Seth, Ashish Kashyap – goibibo were among the speakers at this conference.

## MOBILE INNOVATION CONFERENCE

The conference was held on August 8 in Mumbai. In his key note address, Mr. Vishwanath Alluri, from IMImobile mentioned how his company works at the ground level and follows each change, behaviour and trend that can be adapted for business growth. Mr. Himanshu Kapania, Idea Cellular Services highlighted how integration of product, platform, technology, applications and mobile services will be amongst the biggest challenges that the telecom industry will potentially face.


## EMAIL MARKETING SUMMIT

The E-mail Marketing Summit was organized by IAMAI and Juvlon, on March 15 2013, in Mumbai. "Email Marketing has been and is still the most return oriented direct marketing medium. Marketers in India have warmed up to email marketing rapidly," said Mr. Naresh Bhagtani, Managing Director, Juvlon. Mr. Bhagtani was of the opinion that while it will be naive to ignore this medium; the fact that over 350 delegates have attended the Summit is a testimony of the fact that email marketing is here to stay and will continue to grow.

Mr. Amit Chaudhary, Co-founder & COO, Lenskart, Ms Snehi Jha Mehta, Head Marketing, ICICI Prudential AMC, Mr. Vivek Bhargava, CEO, iProspectCommunicate2 were among the speakers at the Summit.


## MOBILE MARKETING CONFERENCE

Mobile Marketing Conference 2012, held on October 10 in Mumbai, focussed on how to leverage mobile to reach out to the right audience. The day-long conference was power packed by four plenary sessions and a session on Case Study Presentation. The conference was attended by over 200 delegates.

| Publication: Hindu Business Line | Edition: New Delhi | Page No: 03 | Date: Jan 10, 2013 |
|---|---|---|---|

# 45 m people use Internet in their local languages

**Our Bureau**
*New Delhi, Jan. 9*

Whether it is for news, matrimonial services or online banking, almost 45 million Internet users have used the net in their local language as of December, according to the 'Vernacular Report' by Internet and Mobile Association of India (IAMAI) and IMRB.

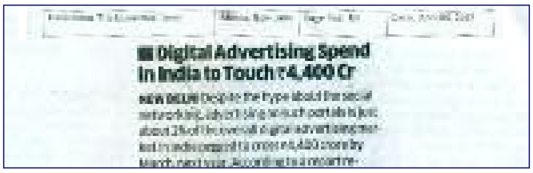
The report said there were 122 million active Internet users in India as of last month.

Among the many Internet services used by users of vernacular content, e-mail is



# 3 Research

Market research has been one of the key activities of the association. As in previous two years, industry numbers on key verticals were published by the association. This year for the first time IAMAI in association with IMRB published a paper on social media which was very well-received by the stakeholders. In addition, we are happy to report that some of the key industry numbers such as the number of urban and rural internet users, mobile internet users, size of the mobile data, market among others have been quoted by policy makers and found mention in policy documents. Besides three strategic and customized research papers were published: "Mobile Platform Adoption by Enterprises" with IMIMobile, Smarter Commerce with IBM and IAMAI-IBM and Beyond the Tip of the Iceberg, with Wipro.



**Digital Advertising Spend in India to Touch ₹4,400 Cr**

**1) DIGITAL ADVERTISING REPORT:** Digital Advertising is expected to reach INR 4,391 crores by March 2013. It was expected to reach INR 3,535 crores by Dec'12. In March'12, the market was pegged at INR 2,851 crores. These were the major findings of the annual Digital Advertising report jointly published by IAMAI & IMRB.

**Telecom services market likely to grow 28% to reach ₹26,000cr**

**2) MOBILE VAS IN INDIA REPORT:** The Mobile VAS market is growing at rate of 28 percent and reached INR 26,000 crores by the end of 2012. According to the latest IAMAI-IMRB report on Mobile VAS in India, the MVAS market is estimated to reach INR 33, 280 crore by end of 2013.

**3) ONLINE ENTERTAINMENT REPORT:** Online entertainment has become one of the top purposes people access the internet for in both Urban and Rural India. There are 31.7 million Online Gamers and 20.9 million Video / Music viewers in India. In the Top 8 Metros, there are 16.6 million mobile entertainment users. Among these, 7.1 million users access music / videos on their mobile phones and 14.6 million users play games on their mobile phones. These were the key finding of the Online Entertainment Report by IAMAI & IMRB.

**4) I-CUBE RURAL:** Rural India has 38 million claimed internet users and 31 million active internet users, according to the I-Cube Report on Internet in Rural India by IAMAI & IMRB. The penetration of claimed internet users in rural India has grown from 2.6 percent in 2010 to 4.6 percent in 2012.. On the other hand, the penetration of active internet users has grown from 2.13 percent in 2010 to 3.7 percent in 2012.

According to the report, the number of claimed internet users in rural India is expected to reach 45 million by December 2012.

गांवों में होंगे 4.5 करोड़ इंटरनेट यूज़र

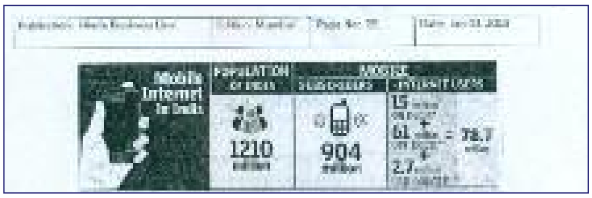
**5) I-CUBE URBAN:** Internet users in India to shoot to 150 million people by December 2012, according to the i-Cube report By IAMAI and IMRB. The report finds that the active users during the same period would reach 111 million.

**6) VERNACULAR REPORT:** There are 45 million users who access content on the Internet in their local language as of December 2012, while there are 122 million active internet users in India, according to the Vernacular Report by IAMAI & IMRB. However, as per 2001 census of the Government of India, there are 769 million people who speak the top ten local languages in India. This shows that there is large potential and headroom for growth of local language content in India.

English preferred by urban net users: Survey

The report finds that 64 percent of the Rural Internet users have used the internet in the local language compared to only 25 percent of Urban Internet Users.

**7) MOBILE INTERNET REPORT:** India is expected to have close to 165 million mobile Internet users by March 2015, up from 87.1 million in December 2012 as more people are accessing the web through mobile devices and dongles, according to the report by IAMAI and IMRB.




The report finds that the number of mobile Internet users increased to 87.1 million by December 2012 from 78.7 million users in October 2012.

**8) SOCIAL MEDIA IN INDIA:** The number of social media users in Urban India reached 62 million by December 2012, and it is estimated to reach 66 million by June 2013, according to a report on Social Media in India, by IAMAI & IMRB. According to the report, about 74 percent of all Active Internet users in Urban India use social media.

BEING SOCIAL: INDIANS MOVE IN FAST

The report also finds that of the social media users, 34 percent are from the top 8 metros while 35 percent of the total users are from small towns of population up to 5 lakh.

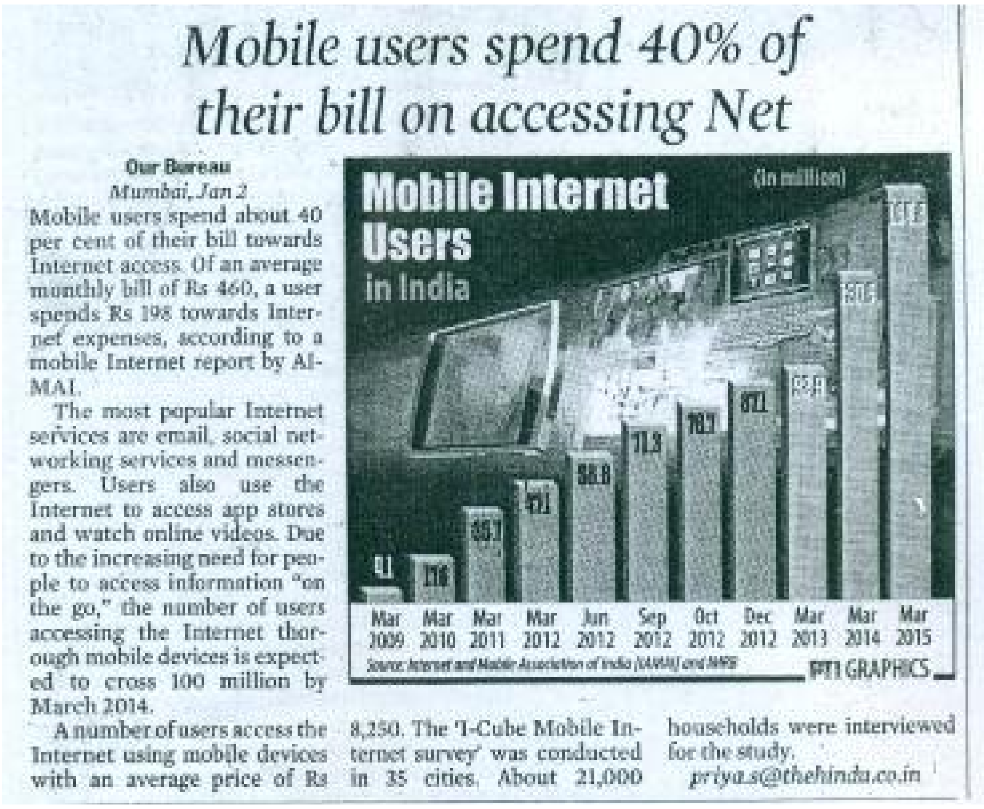
**CUSTOM RESEARCH:**

***1) Mobile Platform Adoption by Enterprises:*** A joint study by IAMAI and IMI Mobile on "Mobile Platform Adoption by Enterprises" benchmarks the present state of awareness, use and purpose of use of mobile platform by enterprises to engage with various stakeholders. The report consists of detailed sectoral analysis of the state of mobile adoption in India across various geographies.

***2) Smarter Commerce:*** The joint research by IAMAI & IBM starts with the premise that Smarter Commerce is not E-Commerce alone. Rather, it is an approach that uses disruptive technology to help companies better integrate and more effectively manage their value chain. The findings of the study have clearly indicated that key challenges faced by businesses today are: Demanding and empowered customers, intense competition, demand-supply mismatch, and emerging channels for customer engagement. In view of this, organizations need to ensure internal processes are streamlined for greater efficiency across departments and invest in initiatives in the area of technology and analytics.

***3) "Future Thought of Business (FTOB) MVAS":*** Wipro and IAMAI conducted an in-depth evaluation of over 450 consumers and providers of MVAS in India to identify the major drivers and barriers of the Indian MVAS market and provide insights that will help to grow this market. The research focused on the mEducation, mEntertainment, mFinance and mHealth application areas and found that there is large market demand from consumers for sophisticated mobile services in India that have the potential to improve the overall quality of living.

Mobile value-added services market will touch $9.5 b in 2 years



# Mobile users spend 40% of their bill on accessing Net

**Our Bureau**
*Mumbai, Jan 2*

Mobile users spend about 40 per cent of their bill towards Internet access. Of an average monthly bill of Rs 460, a user spends Rs 198 towards Internet expenses, according to a mobile Internet report by AIMAI.

The most popular Internet services are email, social networking services and messengers. Users also use the Internet to access app stores and watch online videos. Due to the increasing need for people to access information "on the go," the number of users accessing the Internet thorough mobile devices is expected to cross 100 million by March 2014.

A number of users access the Internet using mobile devices with an average price of Rs 8,250. The 'I-Cube Mobile Internet survey' was conducted in 35 cities. About 21,000 households were interviewed for the study.

*priya.s@thehindu.co.in*


# 4 Business *Development*

Although IAMAI is not mandated to directly undertake business development for any specific member, the association in partnership with a member does promote specific business segments through stakeholders' meets and smaller workshops. The highlight of this year's work was an off-site in Srinagar with 25 Chief Marketing Officers of well-known brands and roundtables on mobile marketing.

***The 4th Mobile Marketing Roundtable:*** IAMAI along with Velti organised the 4th Mobile Marketing Roundtable on July 4, 2012 in Mumbai. The Theme of the roundtable was - Leveraging the Power of Mobile: Building Customer Relationships & Loyalty. Mr. Jay Seth, Senior Vice President Velti and Mr. Alex Moukas, Chief Executive Officer of Velti and Mr. Vaibhav Joshi Head Loyalty & Analytics, Shoppers Stop were the speakers.

***CMO Power Series, Mumbai:*** IAMAI in association with LinkedIn organised a tri- series closed door CMO Meet in Mumbai, Delhi and Bangalore to bring together marketing leaders of various brands on one platform to understand how brands and marketers consider social media and it usage in the current ever changing face of internet. The tri – city roundtable commenced with Mumbai on 28 February 2013. The meet in Mumbai was attended by Ajay Kakar, Aditya Birla Financial Services; Yateesh Srivastava, Aegon Religare; Sanjay Tripathy, HDFC life; Vipul Mishra, Tata Nano; Ashish Sahni, Tata Motors; Reema Kundnani, Oberoi Realty; Vivek Mendosa, Lawrence and Mayo; Amit Sharma, Tata Communications; Rajiv Prabhkar, Sharekhan; Aneesh Khanna, IDBI Federal; Rajesh Kashid, Apollo Health; Srishti Balani, Tata Communications and Clarinda D'souza, L&T Finance Holdings. The roundtable discussion proved to be very insightful and every CMO took something back from the discussion.

***CMO Power Series, Delhi:*** With the first meet in Bangalore a success, the 2nd was held in Delhi on 28th September 2012, which was equally eventful and brainstorming.

The meet was attended by Najib Khan, Airtel; Alok Bharadwaj, Canon; Deepak Shetty, Moser Baer; Rajesh Kumar, SAP; Vineet Trakoo, Usha International; Amol Dhillon, Woodland; Shanker Sareen, Cisco; Deepa Sayal, ADG Online; Anand Hingne, Whirlpool India; Niraj Seth, Intuit; Piyush Kumar, Swatch; Ashok Srivastava, Luxor.

The discussion took off emphasising on how being in a digital era today and man by nature being social, Social Media have assumed a vital role to play. The group largely agreed that social media not only helps with the customer contact details but it also helps to know the customer well in respect of their behaviour and opinion. Due to its interactive and opinion based format it is one of the best way to know what an informed and cautious customer needs.

The participants discussed how the role of influencers in brand building depends on positive brand equity created by the users. Social media also helps expand reach of word-of-mouth of any individual. A brand should use social media to understand consumer insights, and modify and improve the product, thereby recreating the brand equity on the positive side. Building relationships with consumers on social network can help achieve loyalty, preference and advocacy.
CMO Power Series, Bangalore: IAMAI in association with LinkedIn hosted a tri-series of CMO Meets in 3 different cities to understand what brands and marketers consider social media to use for. The third meet of this series which was held on 14 March 2013 in Bangalore was attended by Mr. Ramanan Regunathan, Lenovo; Mr. S Rajendran, Acer; Mr. Shrikant Latkar, In Mobi; Mr. Jesu Dominic, Brigade; Mr. Prakash Dadlani, 3M; Mr. Dev Dulal Das, IBM , Mr. Rahul Koul, Wipro Technologies, Mr. Vinay Gupta, Via.com, Mr. Dev Chavan, ING Life, Mr. Ambuj Chandana, ING Vysya Bank. Session was chaired and presented by AL Jagannath- Director, Trade Marketing, LinkedIn India and Olivier Legrand, Head of LinkedIn Marketing Solutions, Asia Pacific & Japan.

***Agency CEO Strategic Meet Delhi:*** IAMAI in association with LinkedIn hosted an Agency CEOs Strategic meet with the aim to engage and debate to come up with interesting questions and challenges that CEOs of successful agencies are facing today. The closed-door meet was hosted in Delhi on 13 March 2013. The session was chaired and presented by AL Jagannath- Director, Trade Marketing, LinkedIn India and Olivier Legrand, Head of LinkedIn Marketing Solutions, Asia Pacific & Japan. CEOs that participated in the meet were Mr. Glen Ireland, Dentsu Digital; Mr. Deepa Sayal, ADG Online; Mr. Pranav Kumar, Bite Communications; Mr. Santosh Kumar, Bluelemon Technologies; Ms Sushant Mishra, Starcom Media ;Mr. Amit Duggal, Madison, Mr. Girish Mahajan, Webtitude; Mr Daman Soni, PK Online Ventures and Mr. Karthik Nagarajan, GroupM.

***Agency CEO Strategic Meet Mumbai:*** IAMAI with LinkedIn organised an Open House discussion on "Potential of Social Media" on November 22. Closed group of CEOs of leading advertising agencies were invited for this meet. The attendee included CEO participation from GroupM, Interactive Avenues, FCB Ulka, Communicate2, AD2C, Social Wavelength, Sokrati Maxus and Isobar.

***Agency Planners Meet Mumbai:*** IAMAI with LinkedIn organised the Agency Planners Meet on 15 February 2013. The session was attended by 50 participants from companies like Asymmetrique, DraftFC Ulka, FoxyMoron, Group M, Grey Digital, Indigo Consulting, Interactive Avenues, Isobar among others.


***5th Mobile Marketing Roundtable:*** The 5th Mobile Marketing Roundtable was held in New Delhi on 12 October 2012. The expert panel discussed on rising rich media and its use in today's advertising campaign. The Panelists included: The key presentation was made by Mr. Jordi Duran I Batidor, Director of Mobile Technology, Appsnack.

***Email Marketing Roundtable:*** The 5th Email Marketing Roundtable was held in partnership with Juvlon to make people aware of how a simple email can help in promotion and generating leads. It was organized in New Delhi, on the 13 July. Delegates were invited from various sectors – Hotels, Publishers, Media Agencies etc.

***Webinars:***
In last financial year, IAMAI held three successful Webinars with Juvlon and one with IBM. The response for all the webinars was very positive.

Digital Marketing Conversation – CMO Offsite: IAMAI organised an offsite for Chief Marketing Officers (CMOs) in Srinagar between 15 and 18 June. The aim was also to deliberate on the top five action items that would drive the next phase of growth. The top five issues discussed at the offsite were:
1) Metrics and Measurement
2) Strategies of Mobile Marketing
3) Content Driven Advertising
4) Digital Fitness
5) Agenda for Growth

Marketing heads from Tata Teleservices, Gitanjali Exports, Aegon Religare Life Insurance, Red Bull, Shoppers Stop, Skoda Auto, HDFC Life, Godrej Interio, NIIT, Kaya Skin, Allen Solly, Marico, Philips, Acer India, Ashok Leyland, HDFC Bank, Platinum Guild, Rajasthan Royals, Lemon Tree Hotel, The Lalit Hotel, J.K.Ansell, Acer, L&T Insurance, Reliance Industries, Aditya Birla Group, CavinKare were part of the meet.

***AppFest 2012:*** Realising the great potential of the apps industry IAMAI organised the first AppFest - the largest application development festival in India from December 13-15 in Hyderabad. AppFest 2012 sought to foster an environment where businesses, developers, platforms and networks are incentivized for their efforts.

Spread over three days, the AppFest 2012 had three tracks - Talkathon, Hackathon and Challengathon. Developers were able to share ideas on technology, revenue models and current opportunities with each other. The event also provided an opportunity to participants to compete and create on spot customised solutions for brands present and earn immediate commercial opportunity to work with them on larger projects. Besides, Industry experts also spoke on a range of topics, sharing their first hand experience and case studies to showcase how apps have and can change the world.

At the Hackathon, developers from across the country got a platform to showcase their coding skills. A coding marathon running over 24 hrs to create an app, based on an idea by a fellow participant, was the main action at Hackathon. The other highlight at AppFest 2012 was Challengathon. It offered the right platform and opportunity to those


wanting to create apps for big brands and also showcase their coding talent. Challengathon was a test of one's technical and creative skills as corporates gave up challenges to develop an app as per their business requisite.

The highlight of this challenge was a chance for the winning team to win a commercial contract from the company throwing in the challenge to commercially build an App for them. More than 600 apps developers took part in AppFest 2012. The real action began to Day 2 of the three-day event, with Hackathon and Challengathon competitions running in parallel. Chief Guest Shri Sanjay Jaju, Secretary, Department of Information and Communications, Government of Andhra Pradesh, officially declared the competitions 'Open'.


The 24-hour Hackathon began at 11:00 AM on Day 2 and ended on Day 3, when the clock stuck 11:00 AM. At the Challengathon companies such as Ashok Leyland, J.K.Ansell, Marico, Gitanjali, Allen Solly, HDFC Life, Maakan.com, challenged those taking part in Challengathon to develop apps with certain specifications laid down by the companies.

***Digital Marketing Training Courses:*** IAMAI continued its efforts in training students and professionals on Digital Marketing. In order to reach larger number of people across India, this year, IAMAI joined hands with Edukart to deliver digital marketing course module online. With support of existing and new partnerships, a total of approx. 800 students were certified by IAMAI in Digital Marketing. Through Edukart alone, we were able to reach out to more than 500 students.

IAMAI also signed a Memorandum of Understanding (MoU) with the Digital Marketing Training Institute to develop a certified training program designed to prepare individuals/professionals to meet the growing demands of professionals in the field of digital media industry.


# 5 Public *Communications*

One of the key aims this year was to have a strong and continuous communication with all stakeholders. The Council members were of the view that there was a need to amplify the good work that the association was doing by sustained communications with stakeholders. We also aimed to get better coverage in the print medium and to get better coverage of our events through the electronic media.

### COMMUNICATIONS WITH STAKEHOLDERS:

Social Media: For better communications with stakeholders on of the key efforts this year was better and regular presence in social media. We have been able to establish a good presence in some of the leading social networking sites communicating to a group of more than 5,000 almost daily. The social media is primarily used to broadcast industry relevant issues.

***Weekly Newsletter:*** "The Week that Was" is a weekly e-newsletter mailed to a database of 80,000. The e-newsletter is a weekly update of the work undertaken by the association. This year, we have introduced two new sections to the newsletter: Member updates and Industry News, which have been well received.

Online apparel purchases double in April

***Internet Economy Watch:*** IAMAI last year initiated a monthly report, titled 'Internet Economy Watch' with an aim to keep a close eye on the industry metrics as also the consumer behaviour. This is distributed every month to the press, and there has been wide coverage of the data that is released.

***Thinking Aloud:*** "Thinking Aloud" is a RNI registered the print and online monthly magazine. The magazine provides a very effective platform to members and industry expert to share their thoughts on policy, business models, market outlook etc.

This year, the focus of the magazine has been to include more articles on public policy pertaining to areas such as VAS, Social Media, Local Language, Apps Economy, Digital Marketing. There were two special editions – editions that were based on interviews with CMOs who attended the CMO offsite in Srinagar.

Publication: The Economic Times | Edition: National | Page No: 08 | Date: Oct 01, 2012

# IT Act Rules: Time to Move Ahead

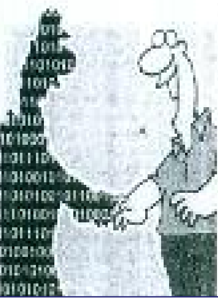
The issue of properly monitoring the quality of online content is too important to be left unresolved

SUBHAJYOTI RAY

The IT Act, 2000, was amended in 2008 to allow for a clear safe-harbour benefit to the 'intermediaries'. One of the preconditions for availing of safe-harbour benefits was the observation of 'due diligence'. ...

... terest of availing safe harbour, were somewhat forgotten.

Many of these issues were revisited at the Open House led by the communications and IT minister on August 2, 2012. While contesting the claim that the due diligence guidelines violated any civil rights, the minister clearly reiterated that the government had no intention of regulating internet content. At the same time, the moderation that was necessary, as in the case of other media, would have to come from the intermediaries ...



... 'other illegal activity'. It may also be remembered that under Section 69 of the IT Act, there are elaborate provisions and processes for monitoring, take down and blocking by the government of content under seven well-laid-out grounds that include protection of the sovereignty of the state, inter-state relations, inter-communal relations, friendly relations with neighbouring countries, etc.

The second issue was the rather open-ended description of an 'affected party'. The rule stipulates that on being brought ...

Changes have been brought in consciously to include more articles, interviews and viewpoints of industry leaders who can in turn get more and more people to experiment with the online and mobile medium. The magazine serves as a platform that caters to group of people who are yet to adopt this medium for their personal and business needs.

At present the print version of the magazine reaches out to policy makers, embassies, industry associations among others. The online version reaches out to about 2 lakh people.

## 'Internet growth will be key driver of e-commerce'

"The e-commerce market has a much larger consumer base in tier-II and III cities and growth has been significant in these regions.

SUBHO RAY, PRESIDENT, INTERNET AND MOBILE ASSOCIATION OF INDIA

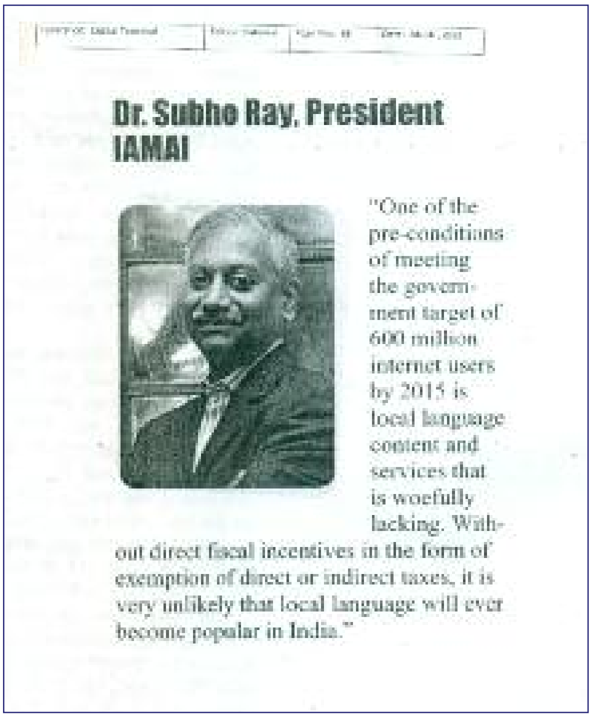
## MEDIA COVERAGE:

As mentioned, the focus for this year was to improve IAMAI coverage in the print media. IAMAI market research and internet numbers have enjoyed a wide coverage in media over the years. This year we attempted engage the print media on policy related matters and in popularizing industry numbers are collated in the "Internet Economy

### Internet economy watch

| | Base/ Sample 57.12 million | Base/ Sample 71.70 million |
|---|---|---|
| **E-TAILING** | | |
| **Type of products looked for** | **Nov 2011 (in million)** | **Nov 2012 (in million)** |
| Branded Apparels | 4.12 | 6.42 |
| Footwear | 3.11 | 5.31 |
| Designer Labels | 1.29 | 1.47 |
| Jewellery | 2.27 | 2.61 |
| Spa/Restaurant | 0.65 | 0.7 |
| Mobiles | 5.38 | 6.05 |
| Books | 2.83 | 2.44 |
| **ONLINE TRAVEL** | | |
| Railway Tickets Booked | 4.14 | 4.81 |
| Air Tickets Booked | 1.11 | 1.47 |
| **ONLINE SERVICES** | | |
| **Vertical classifieds** | | |
| Number of Resumes Uploaded | 0.99 | 1.34 |
| Number of Matrimonials Uploaded | 0.51 | 0.79 |

Watch". To reach out to a much larger "audience" for our events we also entered into a partnership with a popular television channel ET Now. The events covered were: 4th National Conference on Digital Commerce; 4th Travel & Tourism Summit; 7th India Digital Summit, 5th Financial Inclusion & Digital Payment Conference and Mobile Innovation Summit.



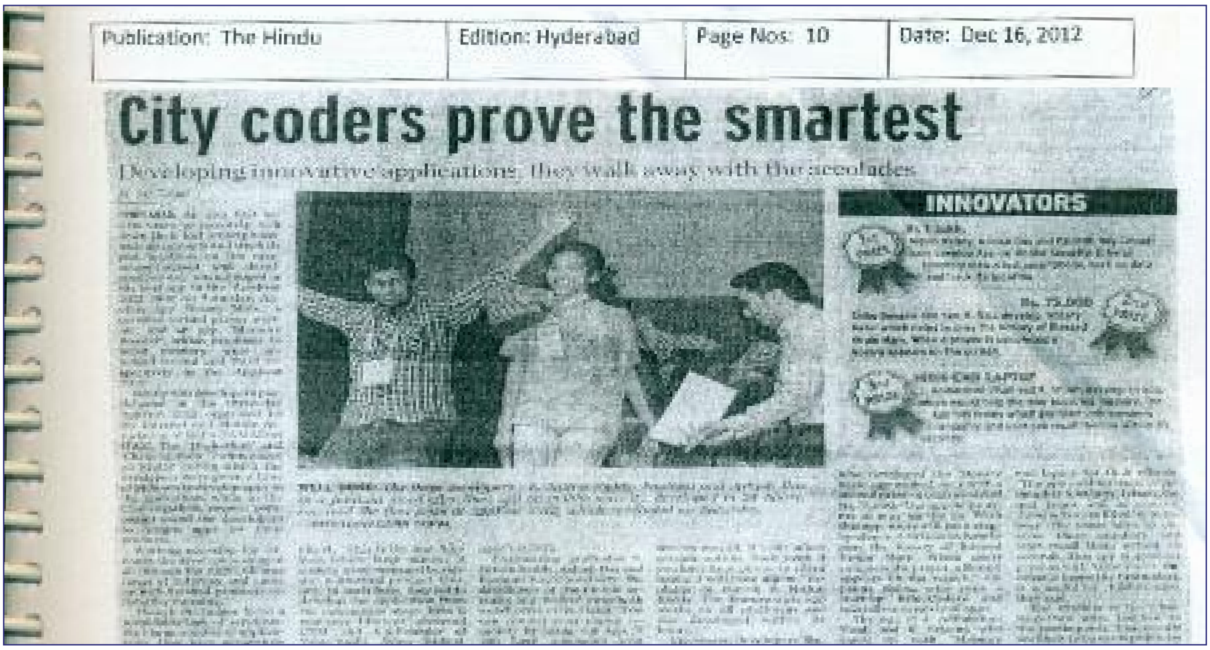
Dr. Subho Ray, President IAMAI

"One of the pre-conditions of meeting the government target of 600 million internet users by 2015 is local language content and services that is woefully lacking. Without direct fiscal incentives in the form of exemption of direct or indirect taxes, it is very unlikely that local language will ever become popular in India."

The table below gives the annual media coverage in print, electronic and online media.

| 2011-12 | | 2012-13 | |
|---|---|---|---|
| Print | 190 | Print | 161 |
| Electronic | 4 | Electronic | 0 |
| Online | 312 | Online | 521 |
| Total | 506 | Total | 682 |

साइबर फ्रॉड से बचाएगा 'सर्फ सेफ'



| Publication: The Hindu | Edition: Hyderabad | Page Nos: 10 | Date: Dec 16, 2012 |
|---|---|---|---|

City coders prove the smartest

Developing innovative applications, they walk away with the accolades

INNOVATORS

# 6 Governance 2012-13

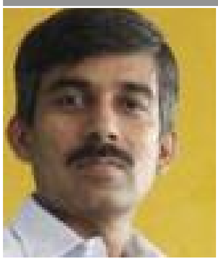
## Executive Council


Hitesh Oberoi
Chairman, Info Edge (India) Ltd


Dhruv Shringi
Vice Chairman, Yatra Online


Lakshmi Narasimhan
Treasurer and Head of Finance, Web18

## Governing Council


Amit Garg
HT Media Ltd
Head-Internet & Mobile


Dhruv Shringi
Yatra Online
Vice Chairman


Hari V Krishnan
Linkedin
Country Manager


Sanjay Trehan
Microsoft Corporation India Pvt Ltd
Head - MSN India


Hitesh Oberoi
Info Edge (India) Ltd
Chairman


Lakshmi Narasimhan
Web18
Chief Executive Officer


Mariam Mathew
Manorama Online
Chief Operating Officer


Nalin Shinghal
IRCTC
Director- Tourism & Marketing


Rishi Khiani
Times Internet Ltd
Chief Executive Officer


Jasmeet Gandhi
Nokia India
Head - Services marketing


SN Bhaduri
Thomson Reuters
Country Manager, Consumer media


Prashant Mehta
Komli Media India Pvt Ltd
Chief Executive Officer


Rajan Anandan
Google India
MD & VP,
Sales and Operation


B Muralikrishnan
eBay India
Country Manager

Committees:

**Government Relations:**
Chairman: Mr. S Ramkrishna (Nokia)
Co-Chairman: Rajendra Punde (eBay)

**MVAS:**
Chairman: Vijay Shekhar Sharma (One97)

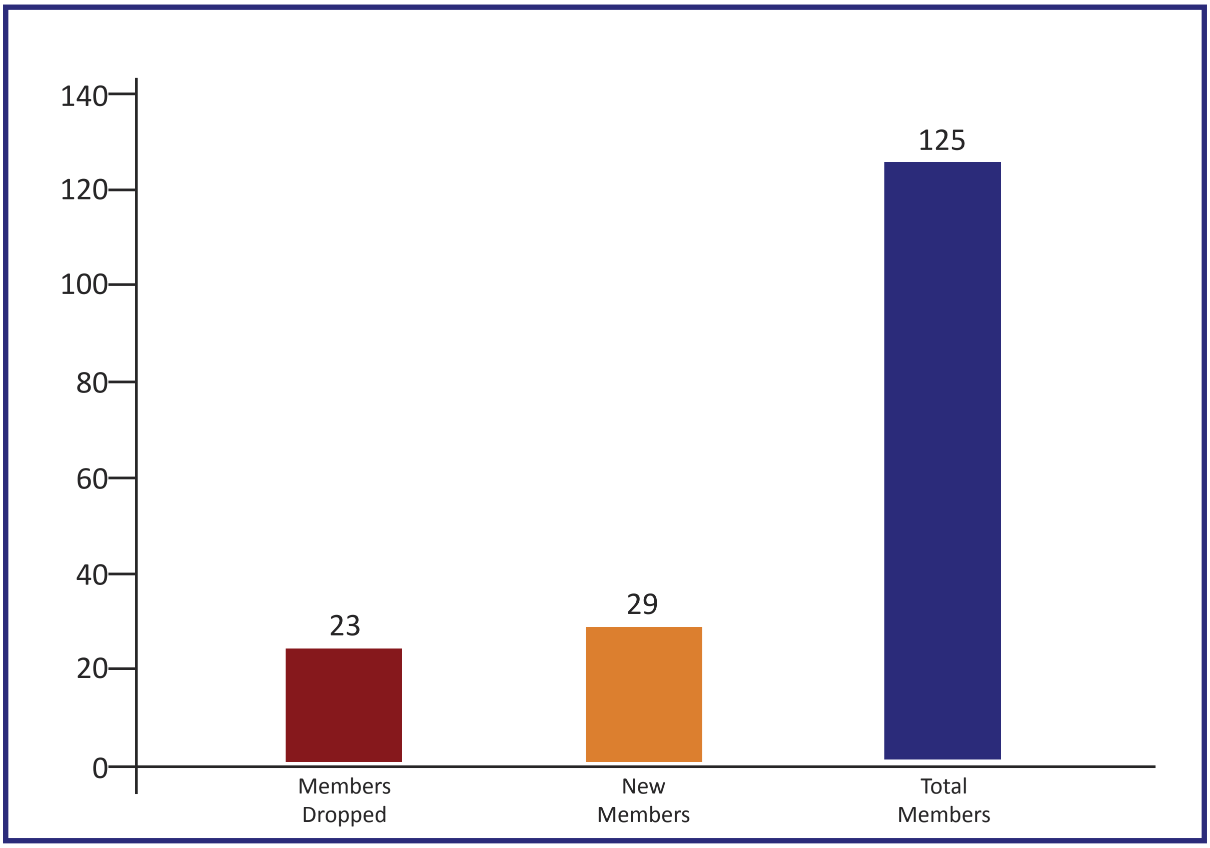
**Digital Advertising**
Chairman: Rajan Srinivasan (Network 18)
Co-Chairman: Amardeep Singh (Interactive avenues)

**Digital Commerce:**
Chairman: Himanshu Singh (Travelocity)

**Digital Payments**
Chairman: Naveen Surya (Itz Cash)
Co-Chairman: Viswas Patel (CCAvenues)

**Working Groups:**
**Local Language**
Convener: Mariam Mathew (Malaya Manorama)

Membership Trends 2012-13:



# 7 Annexures

## Annexure 1: A Position Paper On FDI In Consumer Ecommerce In Goods

This is a short position paper to argue for allowing FDI in ecommerce in goods and comprises the following sections:
What constitutes ecommerce in goods?
What is its relevance for social and economic growth?
Why is FDI necessary and forthcoming in this sector?
What should the contours of a FDI regime in ecommerce be?

**Definition of Consumer Ecommerce in Goods:**
Without going into technical details, it can be suggested that consumer ecommerce is a way of selling goods through the medium of Internet and mobile. It entails the following core features: a) goods are displayed on a website which acts as the primary or the only shop front for connecting with customers. The customers can make a selection of goods on the website and place an order through the website. Ecommerce on goods does not entail having physical stores, or television screens or radio channels as the primary or only front end for providing access to customers – the front end is provided only through the medium of Internet and Mobile.

The EU definition for Ecommerce "Ecommerce is based on the electronic processing and transmission of data. It encompasses many diverse activities including electronic trading of goods and services, on-line delivery of digital content, electronic fund transfer, electronic share trading, public procurement."[EU(97)/157]

Thus understood, ecommerce in goods has an exclusive definition; meaning that it does not only explain what it means, it also explains what it does NOT entail. Such an exclusive definition is useful in formulating specific policies for ecommerce in goods against the backdrop of the need to promote and encourage this new mode of buying and selling goods.

**Benefits:**
Ecommerce in goods, by fundamentally changing the way goods are sold and purchased, lead to the following benefits to the overall economy:

**A New Distribution System: Key to Inclusiveness**
One of the key benefits of ecommerce in goods in our view is the setting up of an efficient and broad-based distribution network. The telecom industry and the FMCG have shown that large and deeply penetrated distribution networks are key to successful retailing.

The current system of distribution of goods is not only woefully inadequate, it is inefficient and unevenly distributed and not aimed towards consumer benefit. Even the most successful distribution networks of FMCG and Telcos work in silos.

We are of the view that promotion of ecommerce in goods on a large scale would lead to a more equitable, transparent and efficient distribution network for goods. This, in turn, would lead to creating a distribution infrastructure that is capable to more equitable distribution of goods.

**Catalyst to Manufacturing:**
It is generally well known that the industry and government have taken major steps to promote manufacturing in the country for the last 6 years. Incentives have taken many forms: from encouragement of SMEs to reduction in taxes. However, manufacturing does not seem to have grown the way it was expected.

While there are several complicated reasons for the slow off-take of manufacturing; in our view, an inadequate and shallow distribution network is one of the key impediments to the growth of manufacturing. A deeply penetrated and efficient distribution system can cater to real and latent demand in the most remote parts for the most niche product, thereby providing a strong backbone to manufacturing.

We are of the view that traditional distribution channels will not be able to help modern manufacturing grow. An alternative in the form of ecommerce distribution network is necessary to take manufacturing to new depths.

**Boost to Services:**
While a new way of distribution is expected to have a positive impact on manufacturing, many of the services industry are direct beneficiaries of ecommerce in goods. To give one example, 6 to 8 per cent of total value of ecommerce in goods goes to the civil aviation industry on account of transportation and logistics. With the growth of ecommerce in goods an ailing industry like civil aviation is sure to get a boost. Ecommerce in goods is also likely to promote and support large scale services like digital payments leading to much more efficiency and transparency in transactions. Finally, through better utilization of data and other non-voice services, ecommerce in goods will have a direct bearing on the telecom industry as well.

**Employment Generation:**
Internet and ecommerce have long been recognized as having an important impact on work, workers, and the workplace. It can contribute to better employment opportunities in India both through improved labour facilitation and direct employment. It is estimated that the nascent e-commerce industry today directly employs around 40,000 to 50,000 people in the country. One can fairly assume that as this industry grows, both direct and indirect employment will grow manifold.

From the human resources point of view what is also important is that the ecommerce companies also act as skills development centres for cutting edge skills connected with technology, inventory management, customer servicing etc.

Hands-on training and work at an ecommerce company helps an employee develop important skills in retaining.

Finally, an ecommerce company, like any other consumer business, is not just for highly skilled and qualified workers. It employees all types of people from the engineer to the courier and provides employment to a cross section of skilled and semi-skilled workers.

**Investments:**
As a new method of connecting with and distributing goods to consumers; and or providing a distribution network to millions of small merchants; ecommerce in goods requires large investments and longer gestation period.

Secondly, it is at a very early stage in India, and much investment and innovation needs to go into various technology and business models and infrastructure to be able to reach an optimum model.

Thirdly, currently investments here do not create either ownership of resources or entry barriers to the flowing of new businesses.

Fourthly, there are no government incentives; either in promoting start-ups in this sector or in the form of tax subsidies or any other fiscal incentives.

It has been our experience that in sectors where investments have the above four characteristics, domestic investments have been shy.
It is for this reason that we believe that FDI in its various forms, in fact, all possible forms, may be necessary to help this industry grow and make a real impact on the way transactions in goods are conducted in out country.

On the other hand, and from a contrarian perspective, if ecommerce in goods is a technology play and not a critical or sensitive sector, there is not reason why FDI should not be allowed for the acceleration of this business.

**Outline of a Policy Framework:**
We are of the view that, if the policy is to open ecommerce in goods to FDI, it should be formulated in a manner that should allow for a substantial yet smooth flow of investments and, secondly, it should take care of some of the sensitivities, real or perceived, that the society may have.

Based on these two aspects, we suggest below a few salient features:

1. **100 per cent FDI should be allowed:** The rationale behind this is:
   a.it is a logical extension of 100 per cent FDI in single brand retail and
   b.most large brand who would want to set up on their own should not be "forced" into a "partnership" since this is not a "strategic" sector.

**2. No differentiation between "strategic" and "financial" investments:** We are of the view that such technical and somewhat artificial definitional differentiation leads is confusion and possibly not transparent arrangements.
**3. No artificial "Floor" to Investments:** Our rationale for this is such ceilings act as a barrier to smaller investors while encouraging larger investors who usually uses this as a competitive advantage.
**4. No investment in agriculture sector:** [except processed and packaged food]. Since the larger goal in the first step is to take care of the distribution needs of manufacturers and traders, it is suggested that ecommerce in goods, at this stage, should not be encouraged in the farm sector. It will be some years of capacity and outreach building before such ecommerce companies develop capacity to purchase directly from the farm level.
**5. Not limited to states:** As a policy and practice it is not possible to restrict ecommerce to a few states. However, it should be left to individual companies based on a complicated matrix of logistics, state level paper work etc. to decide which geographies within the country they would like to extend their services.
**6. Local Sourcing:** While ideally, we would not suggest any floor on ceiling on local sourcing, ecommerce in goods is primarily about sourcing locally. All such companies are capable and willing to undertake more than 30 per cent local sourcing.

**In conclusion we would like to submit that**
1. There is a substantial investor interest in this new sector and an "open" FDI regime is likely to lead to considerable investments;
2. An open FDI will lead to promotion of ecommerce which in turn would lead to much social and economic good. There is a clear link between economic and social goals and FDI in ecommerce.
The current distribution model is also one-way. It usually flows from the urban centres to the rural areas. Spread of ecommerce in goods can be a great opportunity for synchronous commerce where a buyer is also a potential seller and vice versa. This would be a game changer.

**In conclusion we would like to submit that**
3. There is a substantial investor interest in this new sector and an "open" FDI regime is likely to lead to considerable investments;
4. An open FDI will lead to promotion of ecommerce which in turn would lead to much social and economic good. There is a clear link between economic and social goals and FDI in ecommerce.

# Annexure 2

**Government of India**
**Ministry of Communications and Information Technology**
**<u>Department of Electronics & Information Te</u>chnology**

Date : 18.03.2013

**Clarification on The Information Technology (Intermediary Guidel**
**2011 under section 79 of the Information Technology Act, 2000**

The Department of Electronics and Information Technology had not
Technology (Intermediary Guidelines) Rules, 2011 under secti
Information Technology Act, 2000 on 11.4.2011 vide notification n

These Rules provide a due diligence framework to be observed l
while discharging his duties. Sub-rule (4) of Rule 3 provides t
upon obtaining knowledge by itself or been brought to actual
affected person in writing or through email signed with electroni
such information as mentioned in sub-rule (2), shall act within
where applicable, work with user or owner of such information
information that is in contravention of sub-rule (2).

The Indian intermediaries have implemented these Rules. However
Associations have requested for a clarification on the words *"...shall act within*
*thirty six hours...*" as mentioned in sub-rule (4) of Rule 3. It is clar
intended meaning of the said words is that the intermediary
acknowledge to the complainant within thirty six hours o
complaint/grievances about any such information as mentioned ir
Rule 3 and initiate appropriate action as per law. Further, the
the intermediary shall redress such complaints promptly but in a
month from the date of receipt of complaint in accordance with s
3. The intermediary should have a publicly accessible and pub
redressal process by which complaints can be lodged.

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# Annexure 3: Issues Relating To The Growth Of Internet Ind Mobile Data Industry

As submitted to The Deputy Chairman, Planning Commission

**Executive Summary**
The Deputy Chairman, Planning Commission, following his Inaugural Address at the India Digital Summit [the flagship annual summit of IAMAI, had advised the industry to provide him with a considered feedback on what were the factors impeding the growth of this new industry.

IAMAI had convened a meeting of members where the issues were deliberated and the following feedback given.

**Issues:**
- Open Internet and Universal access,
- Non-Competitive barriers from incumbents,
- E-commerce and its potential to transform the way business is transacted today,
- Promotion of Entrepreneurship in the digital space to create employment,
- and development of Internet services around skills development, education, & healthcare.

This report outlines in some detail the above areas of concern that impacts the growth or otherwise of internet and digital data business. However, the group realised that these issues can not be resolved immediately and that much more thought and deliberation were needed to firm up specific action items around these broad issues. The group, therefore, put up two suggestions for the consideration of the Deputy Chairman Planning Commission:

**Recommendations:** The industry submits two recommendations for the Planning Commission's consideration.
- Creation of a "Think Tank" or "Experts' Group" comprising policy makers, businesses and academia. This group can identify in a secular manner the "push backs" to industry and an appropriate way forward in all the top 5 issues identified above. This group could also proactively make non-binding suggestions on any policy, regulation, business practice that directly or indirectly impacts the internet and mobile data industry.
- Creation of a fund of funds channelled through SIDBI specifically for promotion of entrepreneurship around consumer internet and mobile data services for Indian citizens.

**1. Introduction**
**[This section highlights genesis of this submission including commonly understood motivations for Internet-based economy, which gives impetus to Government initiatives like RTI, provides a viable medium for efficient businesses, encourages skill development & training, and, lastly, generates employment.]**

In the last five years years, there has been a consensus of sorts among government, civil society and others that Internet whether traditional PC based or through wireless through mobile and tablets has a very deep impact on our developmental goals. It is expected to add efficiency and transparency to governance and businesses; allow for a more broad based development and directly and indirectly provide employment and livelihood. The need to move towards and internet and apps based economy is felt by all.

The government on its own is making large investments in one key aspect: access, through the national optic fibre optic network. It is also moving towards delivery of governance through the medium of internet and mobile. There is also a connected network of academia. Plans are also afoot to provide solutions to critical issues like healthcare, education and skills development through internet.

In parallel, internet and mobile data businesses has been growing on their own steam for the last 10 years and brining in more and more users by providing useful and commercially viable services.

Since the industry has been small and almost invisible so far, the challenges have been manageable and often unarticulated.

However, at a recent address to the IAMAI, the Deputy Chairman of the Planning Commission, articulated the problems of the industry in the most apt manner. He pointed out among other things:
a. New technology always faces push back from various incumbents and government
b. It may not be viable to align with one Department in the government since internet permeats many facets
c. Ecommerce needs to be facilitated since it is a whole new paradigm of transacting

He also suggested that if there are non-fiscal and non-subsidy related larger issues that are impeding the progress of this industry, he would be ready to look into them.

Taking his directions as a starting point, IAMAI had convened a feedaback session with members. This group identified five broad areas that could be addressed going forward. The group also agreed that these areas needed continuous and sustained attention and suggested that a group of experts or a think tank under the aegis of the Planning Commission may be the most appropriate structure to look into details of the five issues and make suggestions. The areas of concern and the suggestions of industry have been oulined in the rest of this paper.

**2. Key Issues**
**[The section highlights key areas of concern for Internet-based businesses in India, as gathered from industry interaction facilitated by IAMAI.]**

The following are recognised as five (5) key issuesInternet - based businesses in India:
2.1. Open Internet and Universal access
2.2. Barriers by incumbents
2.3. E-commerce and its potential to transform the way business is transacted today (see annexure 1)
2.4. Promotion of Entrepreneurship in the digital space to create employment
2.5. Internet services around skills development, education, and healthcare

Specific issues in each of these areas are articulated below.
**2.1. Open Internet and Universal access :**
The development of internet primarily depends on universal access and openness. In the Indian context three main issues pertaining to Open Internet and Universal access can be highlighted:
a. It is commonly agreed at least amongst businesses that increasingly there are more and more rules and laws being made relating to internet. This is should be discouraged since Internet is already "governed" by existing laws of the land. There is no need for special laws for Internet. More importantly, most of these laws and regulations and seemingly made

to "control" rather than "encourage" the use of Internet. A good case in the point is the evolution of the IT Act since 1999. The Act was envinsoned to promote ecommerce, but is currently used mainly to control internet.
b. In order to promote universal access, there is the need to promote local language on the internet and there shoud be a clear roadmap to do this where all the stakeholders need to converge on a single point. India is the only coutry where Internet has developed on non-vernacular content.
c. Secondly, given the levels of literacy, video and audio content are going to be very important. From that perspective bandwidth requirements and consumer pricing needs to be kept in mind.
d. Finally, and this may prove to be important, awareness of the usefulness of the medium is one of the key catalyst to adoption, especially in rural areas. There has not been any campaign to promote the benefits of internet so far.

**2.2. Barriers by Incumbents:**
As internet grows, it is going to impact many exisiting businesses mainly as more efficient distribution channel for their product and services. While independent businesses can be built on these new channels as has been shown in cases such as Online Travel, there is usually a push back from the incumbents. They either want to control or own this channel and come in the way of development of independent businesses being built around delivery and distribution of their services. One generic case is cited below. The indusrty is apprehensive that this is ging to be the case in many sectors [Telecom, Travel, Financial Serivces, Education, Healthcare, etc.].

**1. Incumbents usually**
a. Are more adept at working with regulators
b. Have existing relationships
c. The regulators understand their business models well
d. Sometimes inadvertently become supporters of incumbency

**2. New players or disruptive technologies**
a. Usually do not have, or have a very nascent relationship with the regulators
b. Regulators find their business models alien

**3. Regulations sometimes are brought**
a. Owing to insufficient knowledge of either the disruptive technologies, their impact, or their business models
b. Feedback is usually taken from the existing incumbents, who on one hand do not want the disruption to their business, even if it benefits consumers, and mostly do not themselves understand the new models well enough

**4. Hence there is a need for**
a. A recommendatory body supporting the case of disruptive technologies

**2.3. E-commerce and its potential to transform the way Businesses are transacted today** (details in annexure 1)

**2.4. Promotion of Entrepreneurship in the Digital space to create employment:**
This section pertains to three key issues that may be addressed in order to promote internet and mobile data based business with the sole view to service the Indian local market. We are of the view that given the limited funding that this industry has, it is essential to have a separate fund and linked incentives to help build these businesses. It may be noted that the differentiator here is not between a product and a service company, but between what is being developed for the Indian market and what is not.

We have made noticed the following impediments to funding even when funds have existed:
a) Lack of focus on this industry which is essentially addressing the Indian market and Indian citizens
b) There is a problem with disbursal of large funds given the structure and mandate of the government. Most such funds are given to "government recognised" or "government supported" institutions and very few of them are able to commercialise this. The current structures could be easily streamlined to fund post start up companies which have proof of concept and would want to scale up. A focused SIDBI fund would be useful in this context.
c) The main issue sometimes for companies in our sectors is start up money which is really small amounts for thousands of small entrepreneurs. This structure is currently missing from the eco system. This can be best addressed by one-off grants in the form of awards of 20-30 lakhs for example for "Best Apps", "Best Mobile Gov. Solution" etc. every year. This would require a small corpus and over the years, literally, hundreds of start ups could be funded directly. IAMAI would be very interested in assisting the government in managing and administering this fund.
d) Finally, a clear road-map should be created on how small entrepreneurs and apps developers can build on the opportunities created by the NOFN.

**2.5. Internet services around skills development, education, and healthcare**
A matter of concern has been to develop internet services that have a direct bearing on the soci-economic development of the country. While many other important internet services such as jobs, matrimony and others have developed by carving out a niche for themselves from the existing offline services, in the case of three critical services such as healthcare, skills development and education, the issues are more complicated. Since these involve government, regulators, incumbent industry and the internet based serivce delivery companies.

The issues that we have noticed, especially with reference to these three key services can be clubbed under three heads:
a) Regulatory/ Rules that are very antiquated and does not support free and fair development of new services.
b) Dependence and therefore push back from incumbents
c) Lack of digital content and not positive business inventive for developing such content
d) Lack of support for businesses that have started on their own but need resources to scale up and make a mark. One of the reasons for this is that due to points 1 and 2 investors are sometimes wary of making invstments in such services.

A case in the points are the regulatory issues around skills development programme:

- Regulatory and legal frameworks in online training & skill development, with 'territorial jurisdiction' governing distance-education being a case in point.
- Harmonisation concerns around National Vocational Education Qualification Framework (NVEQF) by Ministry of Human Resource Development, and National Skills Qualification Framework by Prime Minister's Office.

**3. Recommendations**
We are aware that the issues that we have highlighted can not be resolved by a magic wand, we are also aware that there are many other issues that will have to be solved by market forces over a period of time and with increased adoption of Internet by people. However, we strongly feel that there needs to be a non-partisan group that is formally formed and that deliberates and

makes top level recommendations on the issues that we have raised. We also feel that funding of new businesses both at the start up level through one off grants in form of awards and at the scaling up level through more formal and structured funds are necessary.

1. **Setting up of an Advisory Body:** It is submitted that a recommendatory body be instituted with the mandate to identify problems and to make recommendations. It is further recommended that the body be constituted of a group of experts with sufficient appreciation of the potential of disruptive technologies that telecommunication networks furnish and should operate under the aegis of the Planning Commission. This group can be supported and funded partly or wholly by the industry.

2. **Setting up a 'Fund of Funds':** It is proposed that the cause of entrepreneurship be furthered by setting up a fund on the lines of SME Fund. It is further recommended that innovative alternatives to large funds distribution models, that address transactional costs of management of funds, be evaluated, and global trends on the same be studied with Singapore' 'Start-up Fund' being a case in point. Lastly, the Planning Commission may also evaluate local successes in CII's 'Brand Equity Fund' and ICT Fund managed by MSME Fund managers for replication in the context of internet and telecommunications-driven businesses.

# Appendix 4: Recommendation For Cash To Less-Cash India

**a. Customer Acquisition**
Our recommendations to make e-payments more accessible through prepaid payment instrument include:
- Zero KYC for all prepaid payment instrument (max balance at INR 50,000) with restriction only on cash-withdrawal & Forex transactions
- On all prepaid payment instrument allow e-KYC using the Aadhaar infrastructure which eliminates the need of collecting and verifying paper documents from consumers. This will enable the payments industry to work on a ubiquitous initiative and authenticate identity of people

To further push for a less-cash India, it will be critical that the prepaid payment instrument issuance be brought under the financial inclusion targets of the banks and incentivize the banks and accelerate financial inclusion in the country.

**Availability**
**Our recommendation:**
- BC activities for basic services like cash-in and cash-out to be enabled at the everyday use merchant categories – Post-office, LIC Branches/agents, Petrol stations and domestic Gas dealerships, outlets of Utility companies like BSNL/MTNL, Mobile sim / top-up retailers, as they continue to transact very large volumes of cash. They must be categorised as "Deemed BCs" making it much easier for banks to expand their service network. These Deemed BCs need not be exclusive to any bank making it a truly interoperable channel. Further, this will drive a behavioural change in consumers who would convert their cash into electronic value more easily and frequently. Many of these Deemed BCs are also merchants. Hence, this is the first step towards driving consumers to use this electronic value to make payments instead of converting it back to cash.
- To gain exponential increase in adoption of cashless payments, the highly proliferated mobile phone channel is most suitable. Among telecom technologies, USSD is the most prevalent, pervasive and widely used option. Additionally it also takes away the inherent insecurities of SMS. It is possible to get USSD code from all telecom operators making it truly an interoperable option.

**b. Dis-incentivise Cash; Accelerate Acceptance; Standardise MDR norms**
**Our recommendation:**
- The RBI should levy a charge on all cash-withdrawals and cash deposits made by any mode (ATM, Cheque, withdrawal slip, cash at POS) above INR 2000. RBI could collect INR 10 for every such transaction from the Bank and use the pool to drive consumer awareness program on the benefits of e-payment. RBI should allow the banks latitude to pass this charge on to their consumers as a fee for cash handling over a certain amount. If the source of cash is charged, there will be less propensity from consumers to use it and will be encouraged to use the more efficient system of e-payments
- Below are a few examples of how either the customeror merchant or both can be incentivised to convert a cash transaction into a cashless one.
  - o Tax breaks (Income Tax, Service Tax etc.) to merchants on transactions paid for through e-payments to increase e-payment acceptance and to drive whole hearted acceptance of POS infrastructure and the MDR concept.
  - o Discounts to be offered to consumers on certain types of payments in case they use an e-payment option
- No surcharge should be allowed by any merchant to customers for any type of electronic payments. MDR is now lowered to an extent that is well at or below cash management cost levels and this should be subject to all Merchants compulsorily paying at the standard MDR fixed by regulators be it government service provider or any other.
- Income tax payments are now mandated to be an e-payment. Payments for goods and services of certain merchant types in towns and cities with a certain population and above should be mandated to be electronic in case the amount is INR 2000 or above.

**c. Awareness and Education to consumers and all stakeholders about ePayment options.**
A massive campaign at the country level by all players Government, Regulators and Industry needs to be undertaken for at least 3-5years on continuous basis to:
- Highlighting the options available for epayments for all consumers and benefits over cash
- We can draw example from 'Do Boond' campaign to eradicate 'Polio disease' in the country, a similar exercise at massive scale needs to be undertaken to eradicate 'disease of cash usage' in our country.

# Appendix 5: Some Of The Key Notifications Issued By RBI And Government Of India During The Year Were:

**1. Financial Inclusion – Use of Business Correspondents:**

o With a view to promote financial inclusion, a roadmap to provide banking services in every village population above 2000, the Hon'ble Finance Minister in his speech on Union Budget 2012-13 had stated that Ultra Small Branches are being set up at these habitations where Business Correspondents (BCs) would deal with cash transactions.

**2. Policy guidelines for issuance and operation of Prepaid Payment Instruments in India-Amendments:** On a review of the development of the issuance and acceptance market for prepaid payment instruments, the Reserve Bank has considered it necessary to carry out the following amendments -

o The limit of Rs 1000/- for semi-closed prepaid payment instrument has been raised to Rs 2000/-. Semi-closed system payment instruments up to Rs 2000/- may be issued against any identity document furnished by the customer subject to reporting of annual turnover/suspicious transactions. It shall be ensured that under no circumstances, more than one active instrument is issued to the same holder by the same issuer.

o Semi-closed system payment instruments which permit only payment of utility bills/ essential services / air and train travel tickets; and recurring payment of college fees, school fees, government taxes up to a limit of Rs 10,000/- can be issued without separate KYC being undertaken by the issuer. The persons issuing such instruments may ensure that these instruments are made acceptable only at institutions which mantian the full identity of the customers. The utility bills/ essential services shall include only electricity bills, telephone/mobile phone bills, insurance premium, cooking gas payments, rental for Internet/broadband connections, cable/DTH subsriptions and citizen services by Government or Government bodies.

**3. Policy guidelines for issuance and operations of Prepaid Payment Instruments in India – Further Amendments:**

o Rationalisation in the categorisation and value limits of PPIs: The five categories of semi-closed PPIs as indicated in our previous guidelines have been replaced with three broad categories as under:
  - Semi-closed system prepaid payment instruments can be issued upto Rs.10,000/- by accepting minimum details of the customer provided the amount outstanding at any point of time does not exceed Rs 10,000/- and the total value of reloads during any given month also does not exceed Rs 10,000/-. These can be issued only in electronic form;
  - Semi-closed system prepaid payment instruments can be issued from Rs.10,001/- to Rs.50,000/- by accepting any 'officially valid document' defined under Rule 2(d) of the Prevention of Money Laundering Act. Such PPIs can be issued only in an electronic form and should be non-reloadable in nature;
  - Semi-closed system prepaid payment instruments can be issued upto Rs.50,000/- with full KYC and can be reloadable in nature.

o Strengthening Escrow management
  - The non-bank entities issuing prepaid payment instruments are required to maintain the outstanding balance in an escrow account with any scheduled commercial bank subject to the conditions stipulated in the guidelines dated April 27, 2009 and November 24, 2010.
  - It is advised that the escrow account should be credited immediately as and when the issuer/agent/distributor sells a PPI to the end-user. Further, the balances in the escrow account should be adequate to cover the outstanding balances on the PPIs with end-users and the obligations to merchants arising out of the usage of the PPIs by the end-users at any given point of time.

o Domestic Money Transfer relaxations: In terms of the guidelines dated October 05, 2011,domestic fund transfer is permissible: (i) from a prepaid payment instrument to another prepaid payment instrument issued by the same issuer; and (ii) from a prepaid payment instrument issued with full KYC to a bank account up to Rs 5000/- with a monthly ceiling of Rs 25,000/- per remitter. In view of the amendments indicated at Para 3A above, it has been decided that all the three categories of prepaid payment instruments mentioned therein will now qualify for domestic money transfer. The other conditions as indicated in the guidelines dated October 05, 2011 will continue to prevail.

**4. Financial Inclusion – Opening of Aadhaar Enabled Bank Accounts (AEBA):**

o In view of the timelines attached to the implementation of EBT for routing MGNREGA wages and social security benefits including proposed cash transfer in respect of subsidies on Kerosene, LPG, and Fertilisers, all Regional Rural Banks are requested to ensure opening of Aadhaar Enabled Bank Accounts (AEBA) of all the beneficiaries including those residing in villages with less than 2000 population.

**5. Merchant Discount Rates (MDR) Structure for Debit card transactions:**

o The Merchant Discount Rate (MDR) for debit and credit cards has hitherto been similar in India. The debit card is a secured product with the card usage being linked to the availability of funds in the accounts of the customers. Credit cards, on the other hand, are a part of the unsecured credit product portfolio of the issuers. The credit card usage is linked to the credit limit sanctioned by the issuer and carries with it an element of credit risk. Thus given the different nature of the two products, there is no rationale for having a similar MDR for debit and credit cards. Further, it is observed that debit cards are mostly being used for withdrawal of cash at ATMs.

o Given this scenario, it is necessary to encourage the use of debit cards, especially at smaller merchants/service providers and location by way of lower MDR. This move would encourage all categories and types of merchants to deploy the card acceptance infrastructure and also facilitate acceptance of small value transactions. Further, in the case of the acquiring banks, a certain element of guarantee on the Return on Investment (ROI) is required for deepening the card acceptance infrastructure. A lower MDR with the expected increase in transaction volume on account of network effects would result in a reasonable ROI for acquiring banks.

o Accordingly, in consultation with the stakeholders, it has been decided to cap the MDR for transactions undertaken with debit cards as under:

o not exceeding 0.75% of the transaction amount for value upto Rs 2000/-;

o not exceeding 1% for transaction amount for value above Rs 2000/-.

**6. Security and Risk Mitigation Measures for Electronic Payment Transactions:**
Payments effected through alternate payment products/channels are becoming popular among the customers with more and more banks providing such facilities to their customers. While this move of the banks indeed promotes and encourages the usage of electronic payments, it is imperative that the banks ensure that transactions effected through such channels are safe and secure and not easily amenable to fraudulent usage. One such initiative by RBI, was mandating additional factor of authentication for all card not present (CNP) transactions. Security of card present transactions has also been initiated by RBI through the implementation of recommendations of the Working Group on Securing Card Present transactions. Banks have also put in place mechanisms and validation checks for facilitating on-line funds transfer, such as: (i) enrolling customer for internet/mobile banking; (ii) addition of beneficiary by the customer; (iii) velocity checks on transactions, etc.

With cyber-attacks becoming more unpredictable and electronic payment systems becoming vulnerable to new types of misuse, it is imperative that banks introduce certain minimum checks and balances to minimise the impact of such attacks and to arrest/minimise the damage. Accordingly, banks are required to put in place security and risk control measures as detailed here under:

**a. Securing Card Payment Transactions:**

- o All new debit and credit cards to be issued only for domestic usage unless international use is specifically sought by the customer. Such cards enabling international usage will have to be essentially EMV Chip and Pin enabled. (By June 30, 2013)
- o Issuing banks should convert all existing MagStripe cards to EMV Chip card for all customers who have used their cards internationally at least once (for/through e-commerce/ATM/POS) (By June 30, 2013)
- o All the active Magstripe international cards issued by banks should have threshold limit for international usage. The threshold should be determined by the banks based on the risk profile of the customer and accepted by the customer (By June 30, 2013). Till such time this process is completed an omnibus threshold limit (say, not exceeding USD 500) as determined by each bank may be put in place for all debit cards and all credit cards that have not been used for international transactions in the past.
- o Banks should ensure that the terminals installed at the merchants for capturing card payments (including the double swipe terminals used) should be certified for PCI-DSS (Payment Card Industry-Data Security Standards) and PA-DSS (Payment Applications -Data Security Standards) (By June 30, 2013).
- o Bank should frame rules based on the transaction pattern of the usage of cards by the customers in coordination with the authorized card payment networks for arresting fraud. This would act as a fraud prevention measure (By June 30, 2013).
- o Banks should ensure that all acquiring infrastructure that is currently operational on IP (Internet Protocol) based solutions are mandatorily made to go through PCI-DSS and PA-DSS certification. This should include acquirers, processors / aggregators and large merchants (By June 30, 2013).
- o Banks should move towards real time fraud monitoring system at the earliest.
- o Banks should provide easier methods (like SMS) for the customer to block his card and get a confirmation to that effect after blocking the card.
- o Banks should move towards a system that facilitates implementation of additional factor of authentication for cards issued in India and used internationally (transactions acquired by banks located abroad).
- o Banks should build in a system of call referral1 in co-ordination with the card payment networks based on the rules framed at (v) above.

**b. Securing Electronic Payment Transactions**
The electronic modes of payment like RTGS, NEFT and IMPS have emerged as channel agnostic modes of funds transfer. These have picked up to a large extent through the internet banking channel and hence it is imperative that such delivery channels are also safe and secure. Some of the additional measures that need to be introduced by the banks could be as follows:

- o Customer induced options may be provided for fixing a cap on the value / mode of transactions/beneficiaries. In the event of customer wanting to exceed the cap, an additional authorization may be insisted upon.
- o Limit on the number of beneficiaries that may be added in a day per account could be considered.
- o A system of alert may be introduced when a beneficiary is added.
- o Banks may put in place mechanism for velocity check on the number of transactions effected per day/ per beneficiary and any suspicious operations should be subjected to alert within the bank and to the customer.
- o Introduction of additional factor of authentication (preferably dynamic in nature) for such payment transactions should be considered.
- o The banks may consider implementation of digital signature for large value payments for all customers, to start with for RTGS transactions.
- o Capturing of Internet Protocol (IP) address as an additional validation check should be considered.
- o Sub-membership of banks to the centralised payment systems has made it possible for the customers of such sub-members to reap the benefits of the same. Banks accepting sub-members should ensure that the security measures put in place by the sub members are on par with the standards followed by them so as to ensure the safety and mitigate the reputation risk.
- o Banks may explore the feasibility of implementing new technologies like adaptive authentication, etc. for fraud detection.

The above security measures under B (i) to (ix) are expected to be put in place by banks by June 30, 2013.

**7. Payment System Vision Document:**
The Reserve Bank of India released its Payment System Vision Document 2012-15 with a specific Mission and Vision to promote and enhance less-cash society in India.


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## About IAMAI

The Internet and Mobile Association of India [IAMAI] is a young and vibrant industry 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 and 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 1896 and is regulated by the Charity Commissioner of Maharashtra. With a membership of 120 plus Indian and MNC companies, offices in Delhi and Mumbai and a permanent and professional staff, the association is well placed to work towards charting a growth path for the digital industry in India.



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