

2013



# Internet in Rural India

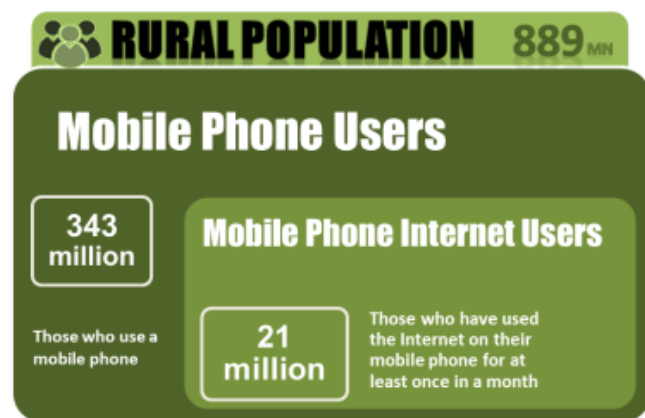
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## EXECUTIVE SUMMARY

According to the latest round of research conducted by IMRB International with **I-Cube 2013 (June 2013)**, the number of Computer Literates in rural India by June 2013 has risen nearly two-fold to **125 Million**. As of June 2013, there are **59.6 Million** users in Rural India who have accessed internet at least once in their lives. Although we are witnessing a steady growth, the penetration of 6.7% among the total rural population is still very low considering the huge rural population of **889 Million**. Of these Internet users,

there are **41 Million** users as of June 2013 who have accessed the internet at least once in the past one month and are termed as active internet users. In June 2012, rural India had about 38 Million claimed Internet users and 31 Million active Internet users.

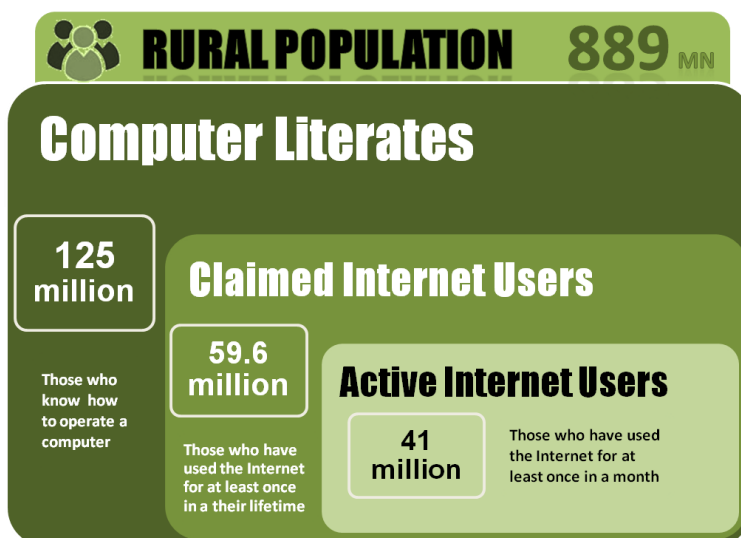


Source: IMRB I-Cube 2013, All India Estimates, June 2013, Census 2011

the rural segment, there is a huge opportunity for growth in internet usage. As of **June 2013**, there are **21 Million users Mobile Internet Users** – which are a proportion of Active Internet Users. This has grown **5.8 times** since the last year. It is expected to reach **25 Million by October 2013** and **27 Million by Dec 2013**.

Some of the key takeaways from the **June 2013** Rural Segment Report:

- **Around 61% (i.e. 25 Million)** of Active Internet users who access Internet at least once a month are observed to be accessing Internet at least once a week



Source: IMRB I-Cube 2013, All India Estimates, June 2013, Census 2011

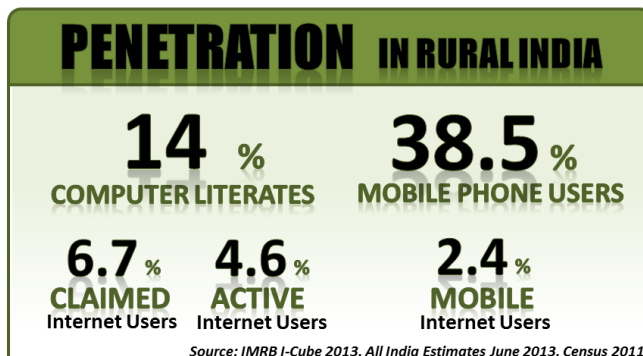
It is estimated that by the end of **October 2013**, there will be **68 Million Claimed Internet Users** & **46 Million Active Internet Users**. By the year end (**Dec 2013**), there will be **72 Million Claimed Internet users** and **49 Million Active Internet Users** in Rural India and this will go up to **85 Million Claimed Internet Users** and **56 Million Active Internet Users** by **June 2014**.

With the next wave of exponential growth in wireless communication certainly coming from

- **18-30 years age group** accounts for the highest percentage of Daily Usage among all other Active Internet Users
- **42%** people prefer accessing Internet only in **Local languages**
- **Entertainment** is observed to be the main purpose of Internet access. Majority of the users like to access Music/ Videos/ Photos and Movies for Entertainment. Whereas, Online Transaction is still an area about which the population needs to be educated since only **9%** is seen **conducting online transactions**.
- There has been a notable increase in the CSC availability with over **three quarter of them** being within a radius **4-6 km** from the village.

## INTERNET IN RURAL INDIA

According to the I-Cube 2013 findings, as of June 2013, there are 125 Million Computer literates in rural India. Of these users, 59.6 Million users are Claimed Internet users who have used internet at least once in their lives. 41 Million users are Active Internet users who have accessed internet at least once in the past one month.



With Rural India's rapid adoption of the mobile phone technology it is very clear that rural segment has been very open to this wireless technology wave.

Mobile phone companies and telecom operators are observed putting in efforts to interpret this fast emerging market, in order to monetize this growth.

With mobile phones becoming cheaper & data/voice plans available at affordable rates,

the penetration of mobile devices in Rural India is increasing tremendously. Due to all these reasons, majority of the rural populace has passed over the wired (internet) telephony phase and jumped directly on to their internet journey through mobile phones.

The penetration of the computer literates among the rural population has shown a sizeable increase from 8.4% in 2012 to 14% in 2013. The penetration of claimed internet users in rural India has gone up by 2% to 6.7% in 2013. Thanks to the fast emerging communication category, the penetration of Active Internet users has grown from 3.7% in 2012 to 4.6% in 2013. This translates into majority of rural families owning at least one internet enabled mobile phone.

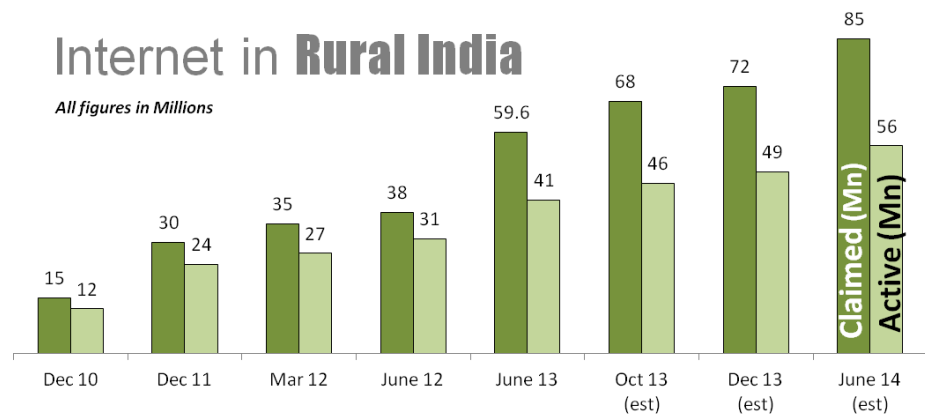
Mobile usage and hence, mobile internet usage has seen huge jump from the 2012 penetration levels. Compared to the 0.4% mobile internet users in 2012, the penetration has grown to 2.4%, indicating a substantial growth in the mobile internet user penetration levels.

## GROWTH OF INTERNET IN RURAL INDIA

According to the IMRB estimates, the number of Active Internet Users in Rural India is slated to reach **49 Million** by **Dec 2013** and **56 Million** by **June 2014**. The number of Active Internet Users has seen 58% growth since June 2012.

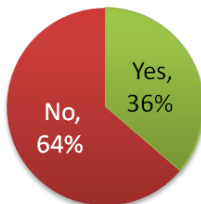
### Internet in Rural India

All figures in Millions



Source: IMRB I-Cube 2013-June 2013, All India Estimates

### Mobile Ownership



Base: 624.8Mn Respondents in 7 states  
Source: IMRB I-Cube June 2013



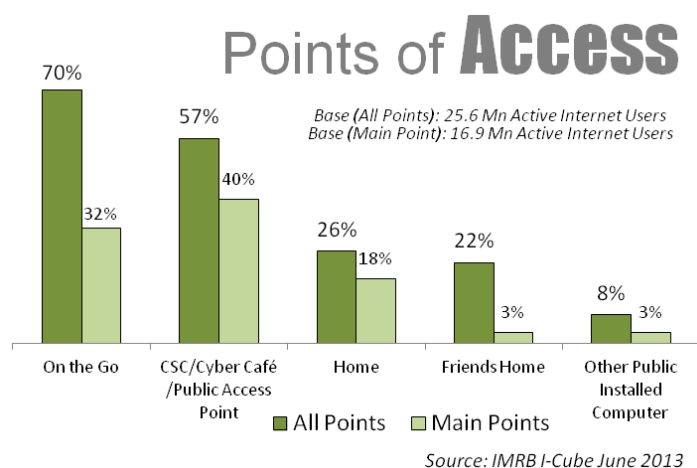
Though Mobile Ownership remains almost the same as last year, the immense growth in the adoption of mobile internet is mainly because majority of rural segment is now aware of the benefits that a mobile phone gives them. We shall continue to witness a growth of internet users in the rural segment as the mobile handset manufacturers & the telecom operators' are facilitating presence of affordable mobile devices and network infrastructure for the rural areas.

The **I-Cube 2013** Rural Survey was conducted in 7 states viz. Andhra Pradesh, Assam, Maharashtra, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh. In these states, as of June 2013, 95.8 Million out of a population of 624.5 Million were aware of Internet and 36 Million Claimed to have used internet at least once in their lives (i.e. Claimed Internet Users). Of these Claimed Internet users, 25.6 Million users have accessed internet at least once in the past one month (i.e. Active Internet Users).

## USAGE BEHAVIOUR OF INTERNET USERS

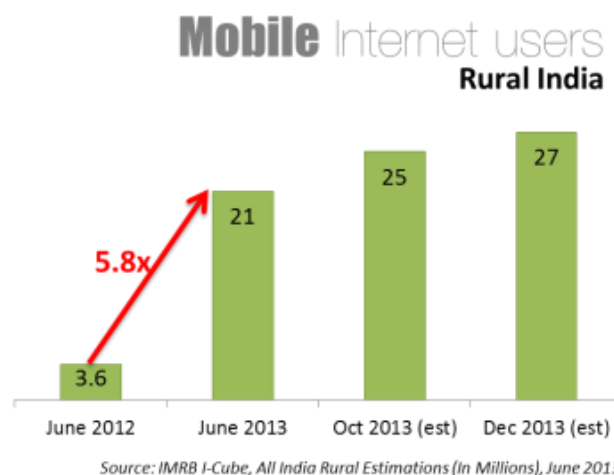
Here, we are defining an Internet user as one who has accessed internet at least once in the last one month i.e. an Active Internet User. Compared to last year, we have seen a growth of 32% among the Internet users in Rural India since last year. In the following sections, the usage behaviour of these Internet users has been explained.

### A) POINT OF ACCESSING INTERNET IN RURAL INDIA



In Rural India, 70% of the active internet population access internet using mobile phones. The Community Service Centers and Cyber Cafes are the main point of access for 40% of them. This is mainly because of the availability of sufficient infrastructure. Internet access at homes has also increased considerably since last year. This clearly means a deeper penetration of PCs in the homes in Rural India.

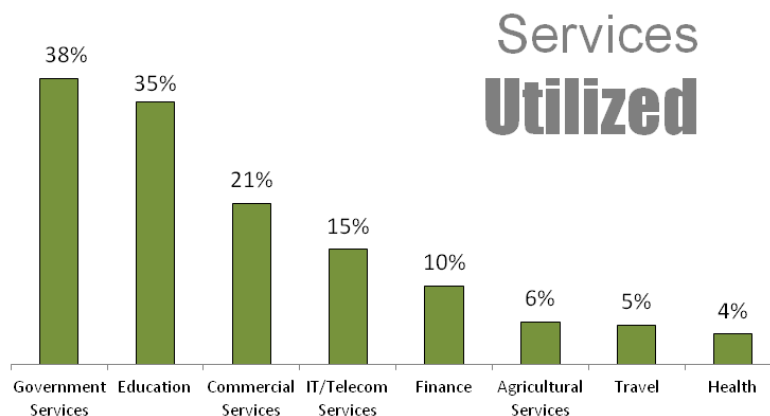
But the real game changer in the Rural Internet space is Mobile Phones. These are truly the enablers of internet for Rural India. There are 21 Million active mobile internet users in Rural India in June 2013. We witness a huge 5.3 times growth in 2013 over 2012 and nearly 47 times over 2010. It is estimated that there will be 25 Million active mobile internet users by October 2013 and 27 Million by December 2013. The availability of cheap calling rates is one of the reasons instrumental for this exponential rise in numbers. Also, with a slew of mobile phone companies offering handsets at throwaway prices, people are increasingly buying better cell phones that have an option for accessing the Internet. For most of the users, mobile phones have now become a gateway to their internet journey. We hope to see more vigorous growth in the coming years as the telecom infrastructure connects more and more villages in India.



## COMMUNITY SERVICE CENTRES

As a result of many initiatives taken by the Government and Private agencies to improve the Internet infrastructure in the villages, the Community Service Centers/Cyber Cafes have become one of the major point of Internet accesses in the villages.

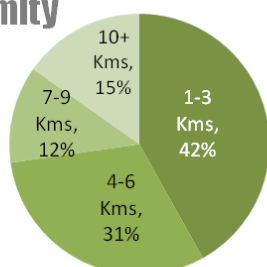
Maturity of the government schemes such as CSC Outreach programs is an encouraging measure which is sure to positively affect the Internet growth in Rural India. There has been a substantial 40% increase in the number of CSC's rolled out since May 2012. The roll out of Common Service Centers in Gujarat, Maharashtra, Uttar Pradesh, Bihar, Chhattisgarh, Madhya Pradesh West Bengal and other North Eastern states has been particularly high.



Source: IMRB I-Cube June 2013, Base: 14.6 Mn Active Internet Users Accessing CSCs in 7 states

Of the 41 Mn Active Internet Users (I-Cube June 2013), 35.6% have used facilities at a CSC. Most CSC users are largely satisfied with the services they avail with over a third of them using CSC for Government Services and Education. Majority of the users look for information regarding School / Universities and Exam Centres. Then, the users use the CSCs for Commercial Services and IT Services viz. bio data preparation, printing etc.

### **Proximity**




Source: IMRB I-Cube June 2013  
Base: 42.5 Mn Users having access to CSCs in 7 States

The reducing distance of CSCs is also a reason for the increase in the number of internet users. The average distance the user has to travel to get to the nearest CSCs has reduced as compared to 2012. I-Cube 2013 survey in the 7 states reveals that there has been a notable increase in the CSC availability with over three quarter of them being within a radius 4-6 km from the village.



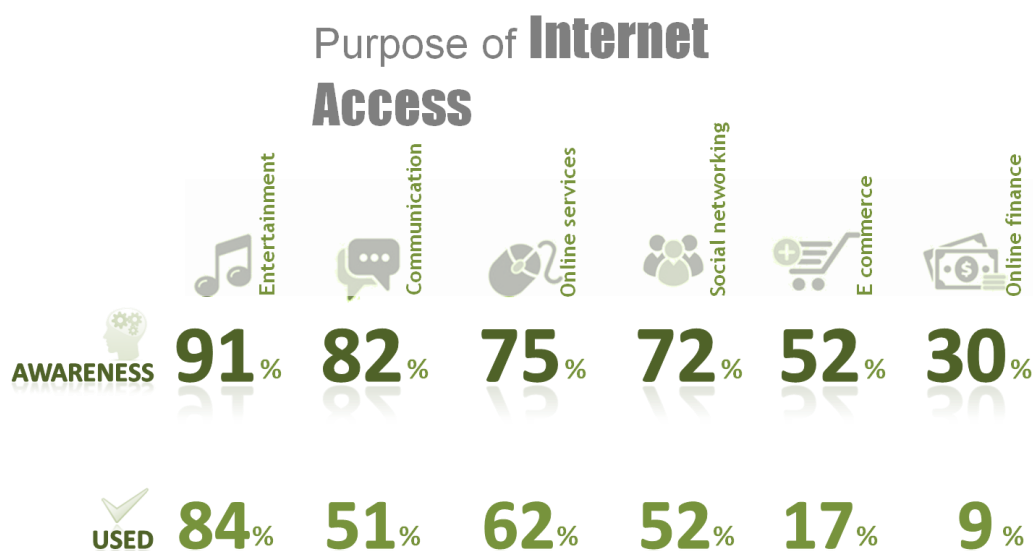
## B) PURPOSE OF INTERNET ACCESS

 **Paid Mobile Downloads** For the Rural Active Internet User, Entertainment is observed to be the main purpose of Internet access and a huge 84% of them have used it primarily for entertainment. Majority of the users like to access Music/ Videos/ Photos and Movies for Entertainment. This is followed by downloads of various Mobile Value Added Services as a source of entertainment.

 **Music Videos | Photos**

Online Communication is observed to be the second most important purpose of accessing internet for Rural India. Within the Online Communication category, E-mail continues to be the most important reason for using the Internet with 43% using it. Number of users engaging in text chat has also gone up significantly compared to last year and is used by 22% of them.


 **E-mail**



Source: IMRB I-Cube June 2013, Base: 25.6 Mn Active Internet Users in 7 States

Compared to last year, the awareness levels of Online Services and Social Networking is observed to be higher in 2013. The usage also subsequently has increased over 2012 with 62% and 52% of them having used Online Services and Social Networking respectively.

 **Social Networking Websites**

 **Educational Purposes** Further, over half of the rural population is observed accessing Internet for social networking purpose. Also, maintaining last year's trend, most of the users are seen availing online services related to job search on the Internet. This is followed by online

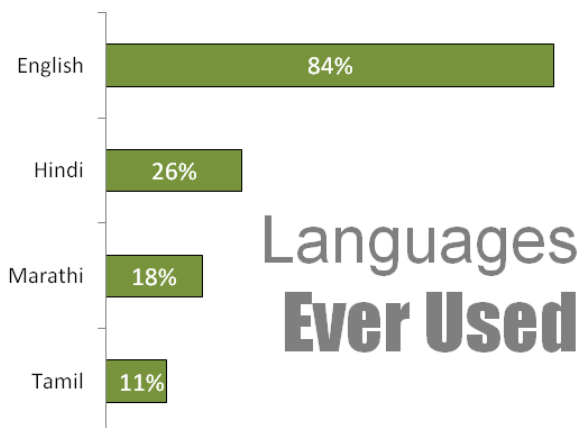
news.

Although the awareness of e-commerce is moderate, we do not see much usage primarily because of lack of knowledge. Although a low overall share, Railway Ticket Booking is the most performed activity when it comes to Online Shopping which has also seen a significant growth over the last year.

With a very low awareness level, Online Transaction is still an area about which the population needs to be educated. Thus, even though there is awareness, there is a pressing need to educate and inform the user of the benefits of the internet services to drive growth in internet usage.



### **C) LANGUAGE OF INTERNET ACCESS**



Source: IMRB I-Cube June 2013  
Base (All): 25.6 Mn Active Internet Users in 7 states

Of the 7 states the survey was conducted in, English language was clearly the most accessed as majority of the content on the Internet is available in English. Apart from English, users also access the internet in other Indian languages. Currently, internet content is not widely available in regional Indian languages. This means that the user must have a general idea of English. The findings of the survey state that majority of the rural internet population is not so comfortable accessing this medium in English and this is holding them back from

using internet fully for other purposes than online entertainment. Nearly 42% people prefer accessing Internet only in Local languages. With more content becoming available in the local languages, more users will start using the internet.

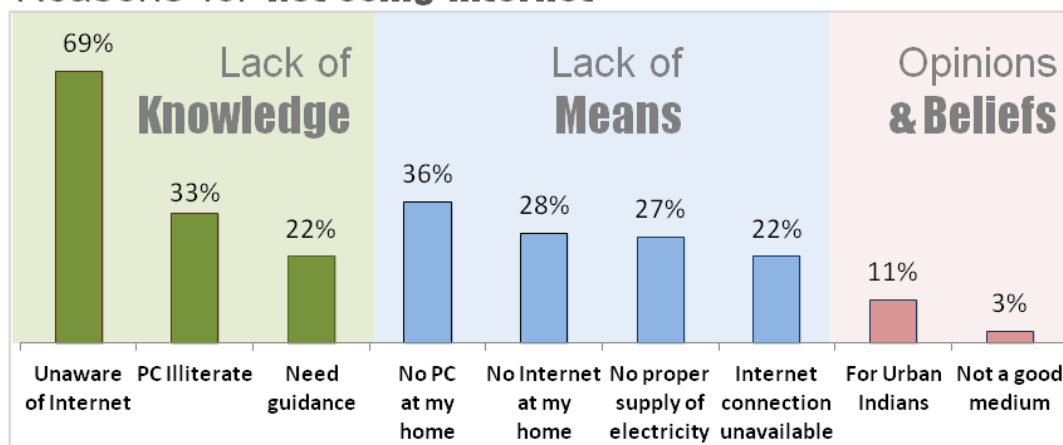
## BEHAVIOUR OF INTERNET NON-USERS

In the 7 states the survey was conducted in, there are 134.6 Mn Internet Non-Users as of June 2013. There are various reasons behind not using the internet services. The reasons can be based on the following factors:

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

Internet unawareness continues to be the primary reason why people do not access Internet in Rural India. 69% are affected by the same. Also, nearly one-third cited the inability to operate a computer.

### Reasons for **Not Using Internet**



Source: IMRB I-Cube June 2013, Base: 134.6 Mn Internet Non-Users in 7 States

The second most important reason people are unable to access Internet is because of Lack of Infrastructure. Majority of the non-users claim of not being able to access internet because they do not have sufficient infrastructure i.e a PC or an Internet connection at home. Like we had observed in the last year, Improper Electricity supply is this time around also observed to be a main reason people are unable to access internet for nearly one-third of the non-user population.

Lack of awareness and belief that there is no need for the Internet & it is not a good medium and that Internet is a phenomenon for Urban Indians are some of the main reasons for not accessing Internet. Thus measures need to be taken to educate and make the rural population aware of the paybacks they can reap from using Internet.

## ANNEXURE

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

### **Quantitative Research**

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

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

### **Selection of States**

Population Levels - States were divided in terms of their population levels. For appropriate representation, we selected states having high and medium populations.

Literacy - Literacy rates were examined for all the states and compared against the population. The states were divided and selected as having high, medium or low literacy levels.

Per Capita Income - States were segregated as having high, medium and low per capita income with respect to the population of these states.

Disadvantaged Groups - States were then compared on the basis of population of disadvantaged groups and urban population.

Factors	Uttar Pradesh	Maharashtra	Andhra Pradesh	Orissa	Assam	Tamil Nadu	Rajasthan
Population	High	High	High	Medium	Medium	High	Medium
Literacy Level	Low	High	Low	Medium	Medium	High	Low
Per Capita Income	Low	High	Medium	Low	Low	Medium	Low
Disadvantaged Groups	Medium	Low	Low	High	Low	Medium	Medium
Urban Population	Medium	High	Medium	Low	Low	High	Medium
Geographical Region	North	West	South	East	North - East	South	North

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

## ABOUT IMRB INTERNATIONAL AND IAMAI

### About IMRB International

eTech Group | IMRB (*a specialist unit of IMRB International*) is a research based consultancy offering insights into IT, Internet, Telecom & Emerging Technology space.

Our continuous link with industry and a constant eye on the pulse of the consumer ensures that we can decode the movements of technology markets & consumers. To our clients we offer an understanding of the present market environment and a roadmap for the future.

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### About Internet and Mobile Association of India (IAMAI)

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

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

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