Internet in India – 2016

An IAMAI & KANTAR IMRB Report
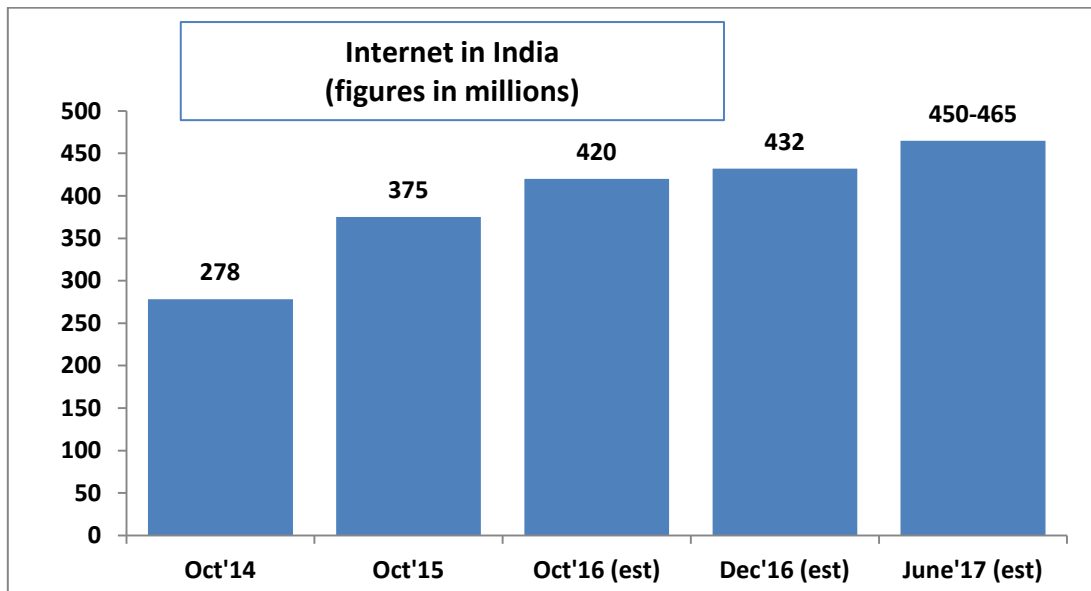
Table of Content

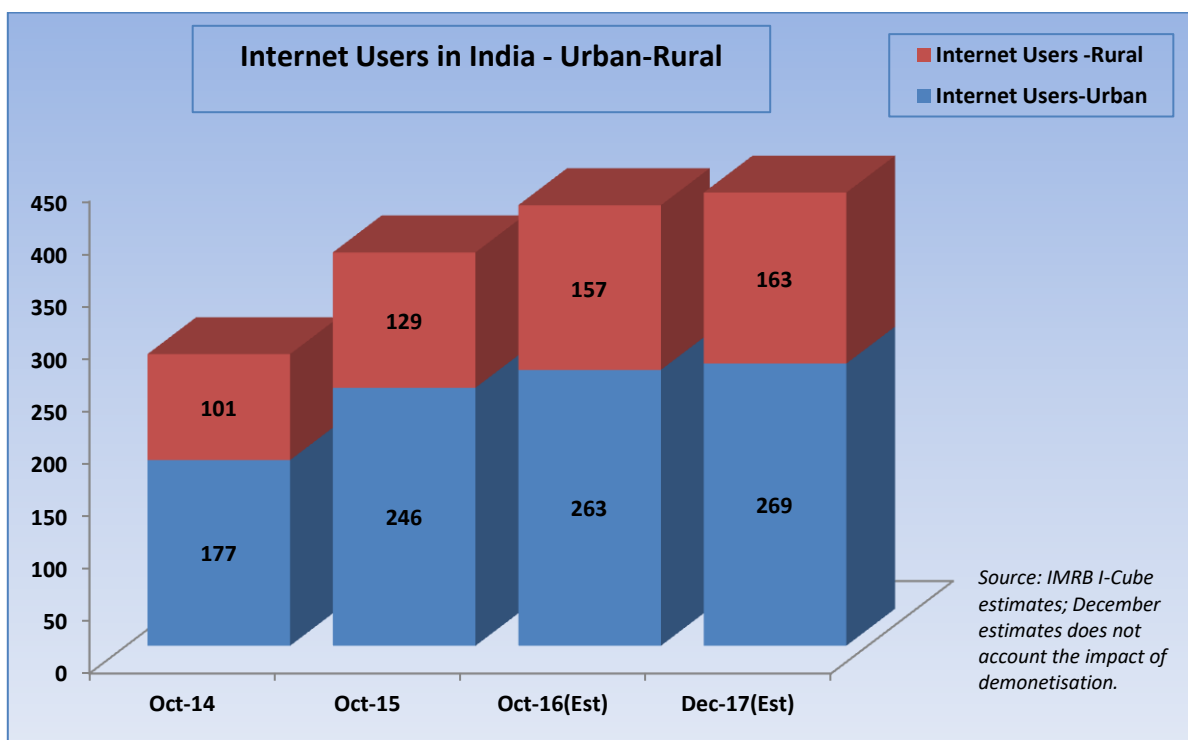# 1. Internet in India: The Overall Numbers

As on December 2016, India had estimated 432 million Internet users. This however, doesn't take into account the impact of demonetisation. It is estimated that by June 2017, Internet Users in India are most likely to be in a range of 450-465 million. The report finds that the overall internet penetration in India is estimated to be around 32% in December 2016.

Internet in India (figures in millions)

Oct'14	Oct'15	Oct'16 (est)	Dec'16 (est)	June'17 (est)
278	375	420	432	450-465

Source: IMRB I-Cube, All India Estimates. December estimates does not account the impact of demonetisation

2. Growth in the Internet Usage: Rural-Urban Analysis

In Urban India, the Internet User base has grown by **7%** from Oct 2015 to Oct 2016 to reach an estimated 263 million. It is expected to grow to reach user base in a range of **275-285 million by June 2017**.

Internet Users in India - Urban-Rural

■ Internet Users -Rural
■ Internet Users-Urban

	Oct-14	Oct-15	Oct-16(Est)	Dec-17(Est)
Internet Users -Rural	101	129	157	163
Internet Users-Urban	177	246	263	269

Source: IMRB I-Cube estimates; December estimates does not account the impact of demonetisation.

3

Internet Penetration

70.0
60.6%
60.0
50.0
40.0
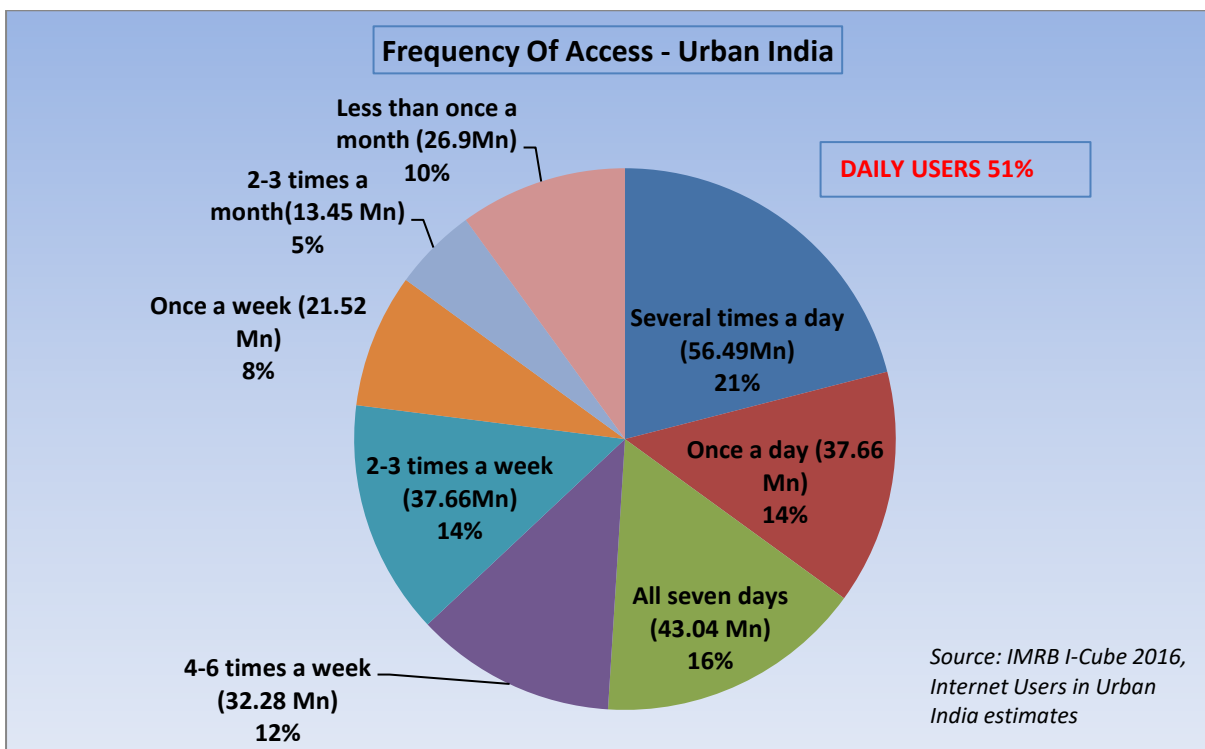30.0
18%
20.0
10.0
0.0

Urban

Rural

Source: IMRB I-Cube estimates; December estimates does not account the impact of demonetisation.
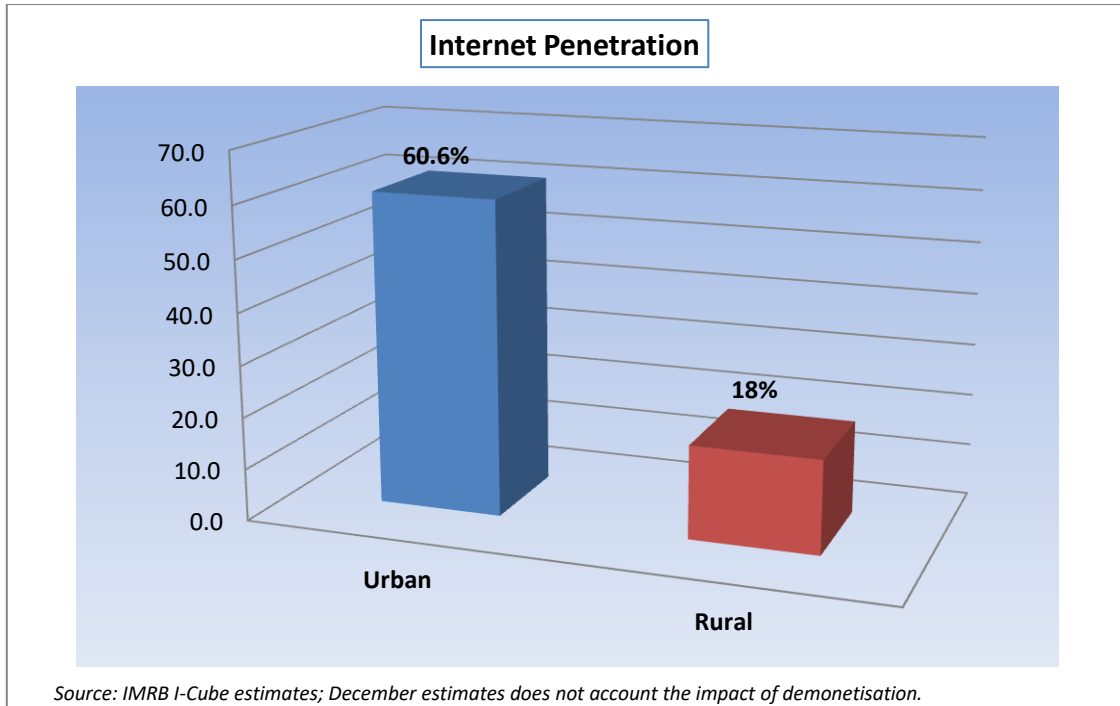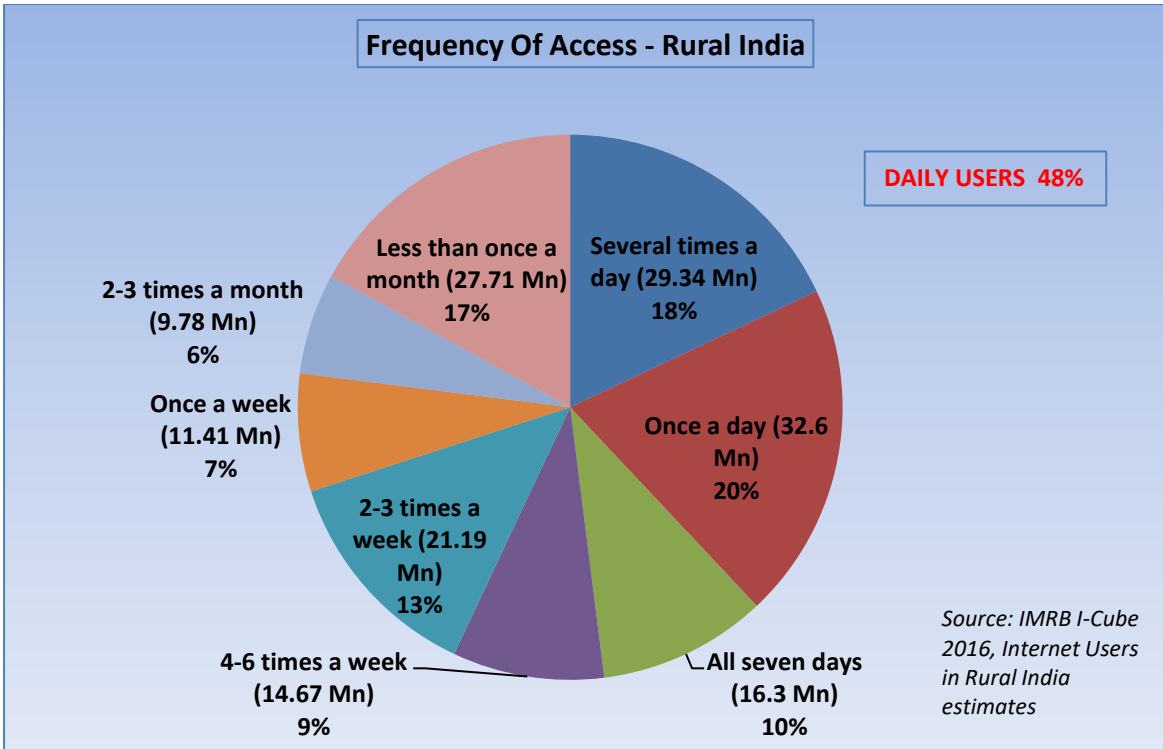
In Rural India, the Internet users have grown at the rate of **22%** between Oct 2015 and Oct 2016, to reach an estimated 157 million. The numbers are expected to reach in the range of **170-180 million by June 2017**.
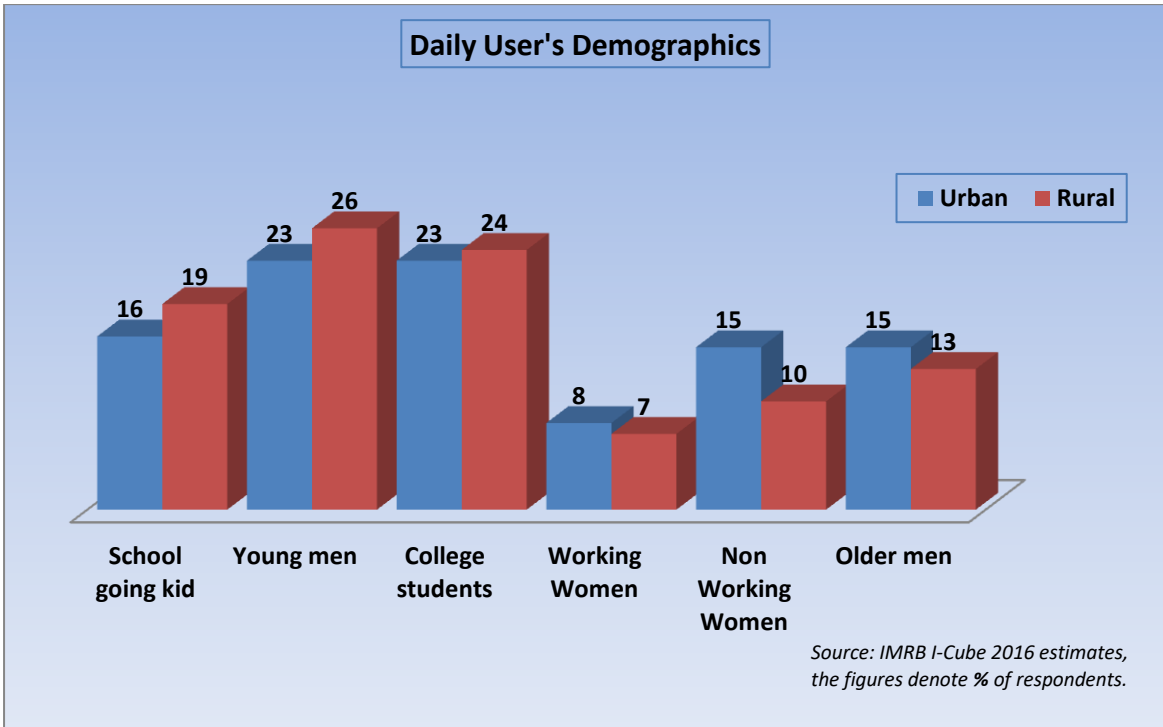
a) Frequency of Internet Access

Among urban internet users in India, close to **51% or 137.19 million** of Internet Users are using Internet on a daily basis (*atleast* once a day). On the other hand, **242 million or 90%** of the urban internet user's user's use internet once a month.

Frequency Of Access - Urban India

Less than once a
month (26.9Mn)
10%

2-3 times a
month(13.45 Mn)
5%

Once a week (21.52
Mn)
8%

2-3 times a week
(37.66Mn)
14%

4-6 times a week
(32.28 Mn)
12%

All seven days
(43.04 Mn)
16%

Once a day (37.66
Mn)
14%

Several times a day
(56.49Mn)
21%

DAILY USERS 51%

*Source: IMRB I-Cube 2016,
Internet Users in Urban
India estimates*

4

Frequency Of Access - Rural India

DAILY USERS 48%

- Several times a day (29.34 Mn) 18%
- Once a day (32.6 Mn) 20%
- All seven days (16.3 Mn) 10%
- 4-6 times a week (14.67 Mn) 9%
- 2-3 times a week (21.19 Mn) 13%
- Once a week (11.41 Mn) 7%
- 2-3 times a month (9.78 Mn) 6%
- Less than once a month (27.71 Mn) 17%

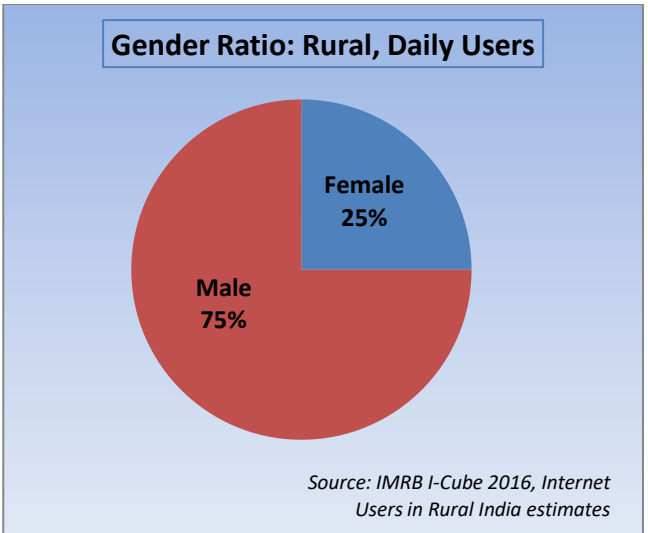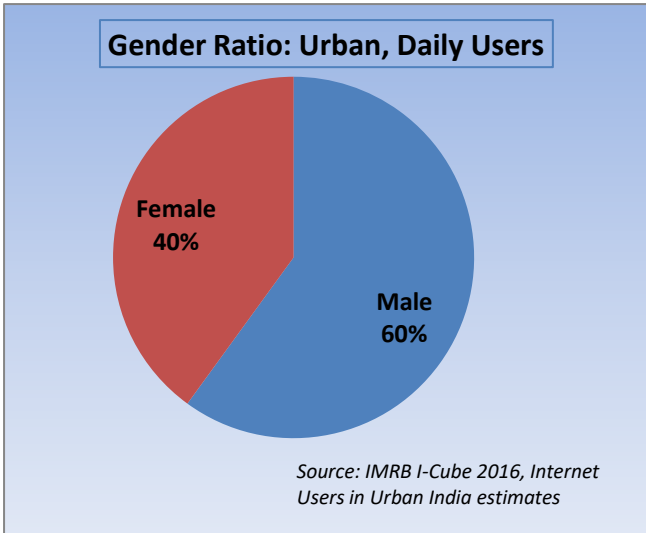*Source: IMRB I-Cube 2016, Internet Users in Rural India estimates*

Internet users in rural India are not far behind from their urban counterpart in terms of daily internet usages. **48%** or around **78 million of the users** in rural India are using internet daily. Half of the users are young men and college students. On the other hand, around **140 million or 83%** of the rural internet user's use internet once a month.
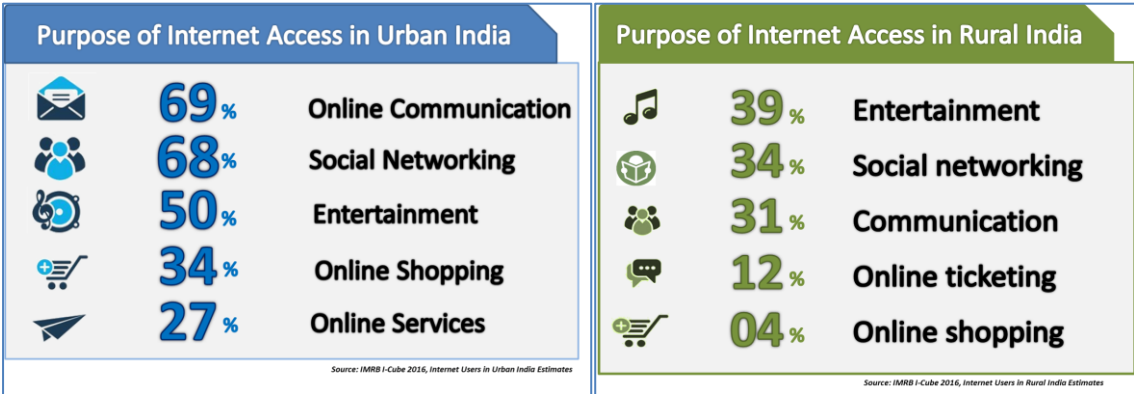
b) User Demographics

Daily User's Demographics

Legend: Urban, Rural

- School going kid: 16 / 19
- Young men: 23 / 26
- College students: 23 / 24
- Working Women: 8 / 7
- Non Working Women: 15 / 10
- Older men: 15 / 13

*Source: IMRB I-Cube 2016 estimates, the figures denote **%** of respondents.*

Gender Ratio: Urban, Daily Users

Female 40%
Male 60%

Source: IMRB I-Cube 2016, Internet Users in Urban India estimates

Gender Ratio: Rural, Daily Users

Female 25%
Male 75%

Source: IMRB I-Cube 2016, Internet Users in Rural India estimates

Analysis of 'Daily Users' reveal that both in Urban and Rural India, the younger generations are the most prolific users of internet. The gender ratio is slightly better in Urban India, while both urban and rural India show almost similar ratios of working and non-working women registering as daily internet users.

c) Purpose of Access

Purpose of Internet Access in Urban India

69% Online Communication
68% Social Networking
50% Entertainment
34% Online Shopping
27% Online Services

Source: IMRB I-Cube 2016, Internet Users in Urban India Estimates

Purpose of Internet Access in Rural India

39% Entertainment
34% Social networking
31% Communication
12% Online ticketing
04% Online shopping

Source: IMRB I-Cube 2016, Internet Users in Rural India Estimates
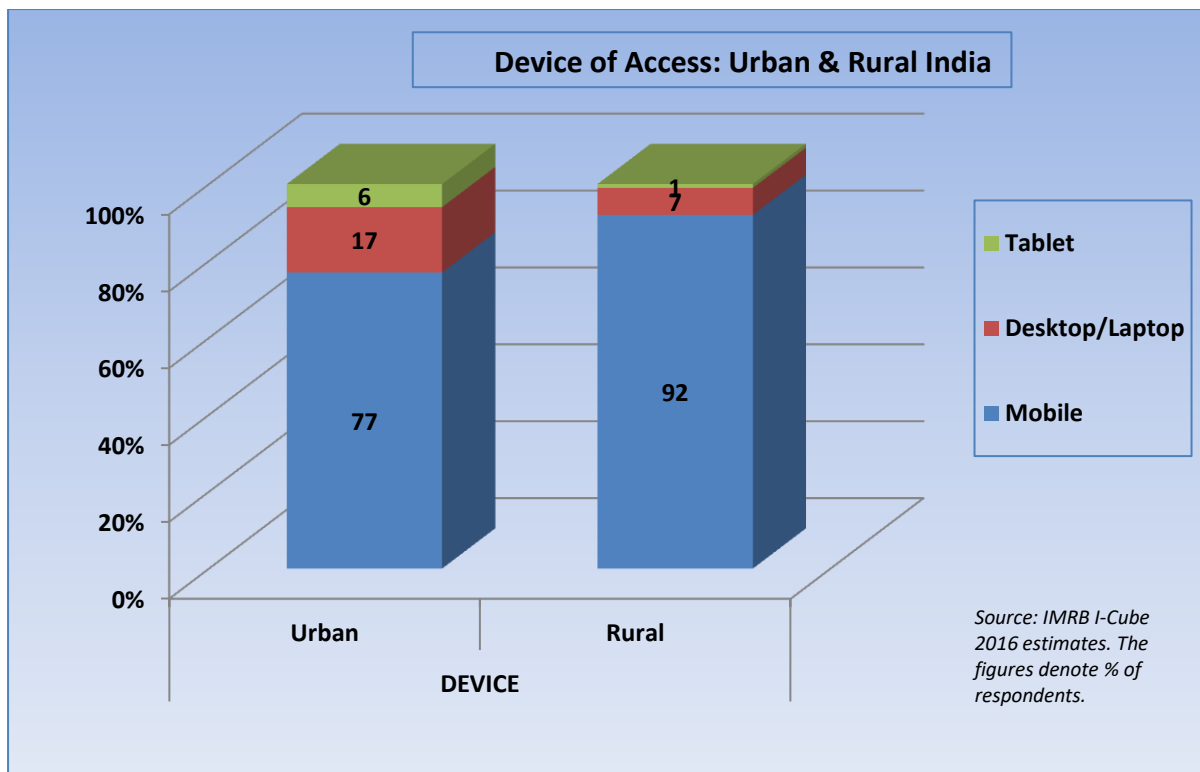
While the biggest services accessed in Urban India are online communications (e-mail etc) and social networking, for Rural India, Entertainment (Video/audio content etc) is the main driver of internet consumption. e-Commerce services like online ticketing or e-tailing (online shopping) are much more prevalent in Urban India, while these services clearly haven't made much inroads in Rural India.

The heavy usage of Online Entertainment and lower usage of Communication and Social Networking in Rural India can be attributed to the fact the users are not online in real-time. Rather, they have the tendency to switching their internet connection, use it and then turn it off once done. The lack of real-time connectivity is attributed to the fact that the power is not available throughout to keep charging frequently coupled with affordability and quality of service of mobile data in these regions.

d) Device used for Internet access

It is no surprise that mobile is the most used device for internet access, both in Urban and Rural India.

Device of Access: Urban & Rural India

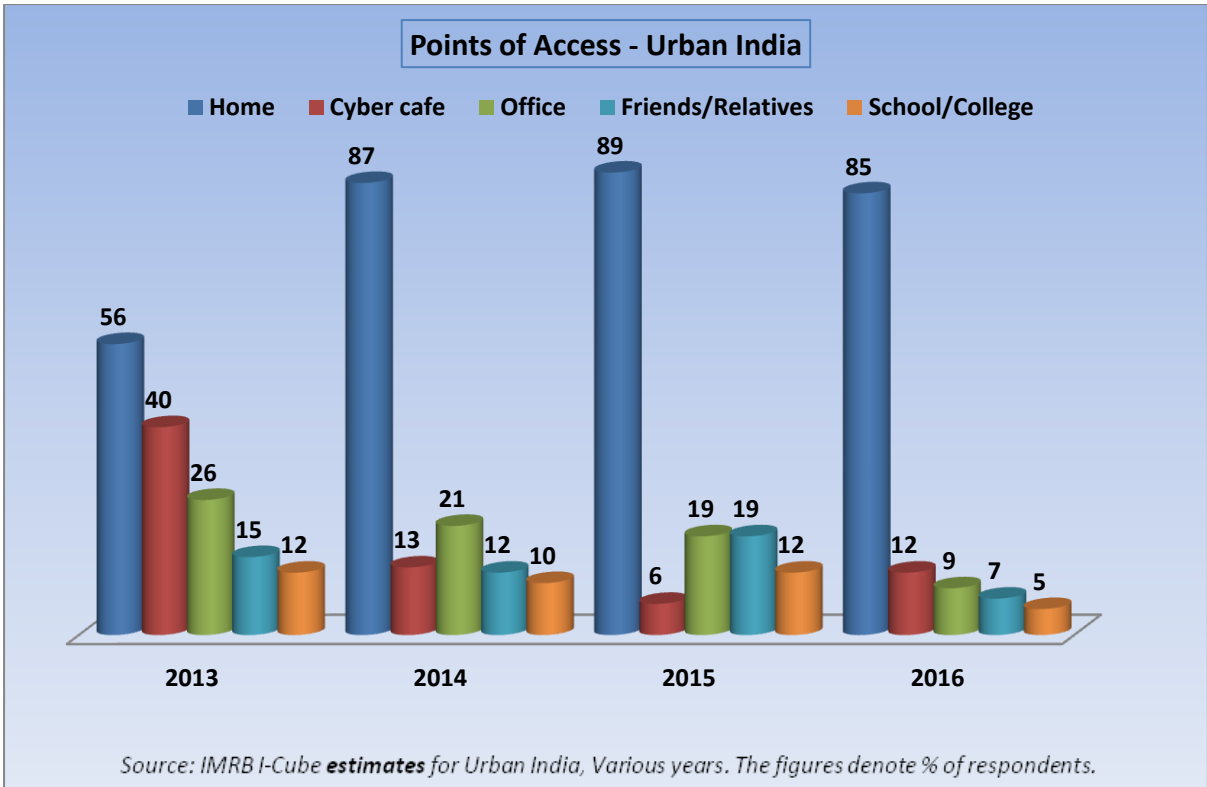Source: IMRB I-Cube 2016 estimates. The figures denote % of respondents.

77% of Urban users and 92% of rural users consider mobile as the primary device for accessing the Internet. Mobile phones are the primary devices for accessing the Internet across demographics.

In **Urban India**, the usage of internet on Desktops/Laptops are expected to go down further with the most accessed purposes viz. Online Communication, Social Networking and Online Entertainment will be fulfilled using Mobile Phones. The Desktops / Laptops will be used mostly for Office and School work.

In **Rural India**, penetration of desktop/laptops has been historically low; and the sector has leapfrogged these devices to move into mobile, which is the medium of introduction to the internet today.

Different mobile handset manufacturers have focused on introducing low priced handsets and tablets compatible to access the Internet. More and more companies are getting into this segment and this has resulted in competition primarily basis the retail price and features of the device. Fall in the rates for internet access due to cut throat competition among Mobile service providers has also contributed to significant increase in mobile phone as preferred device for internet access.

e) Points of Internet Access

Points of Access - Urban India

■ Home ■ Cyber cafe ■ Office ■ Friends/Relatives ■ School/College

Source: IMRB I-Cube **estimates** for Urban India, Various years. The figures denote % of respondents.

The primary point of access for most of the **Urban Internet User** today is their home. Compared to 2013, there has been a marked shift in usage, with cybercafés losing importance as more and more users now have internet access in their homes in the form of both broadband/wi-fi connections and mobile data.

Points of **Access**
In Rural India

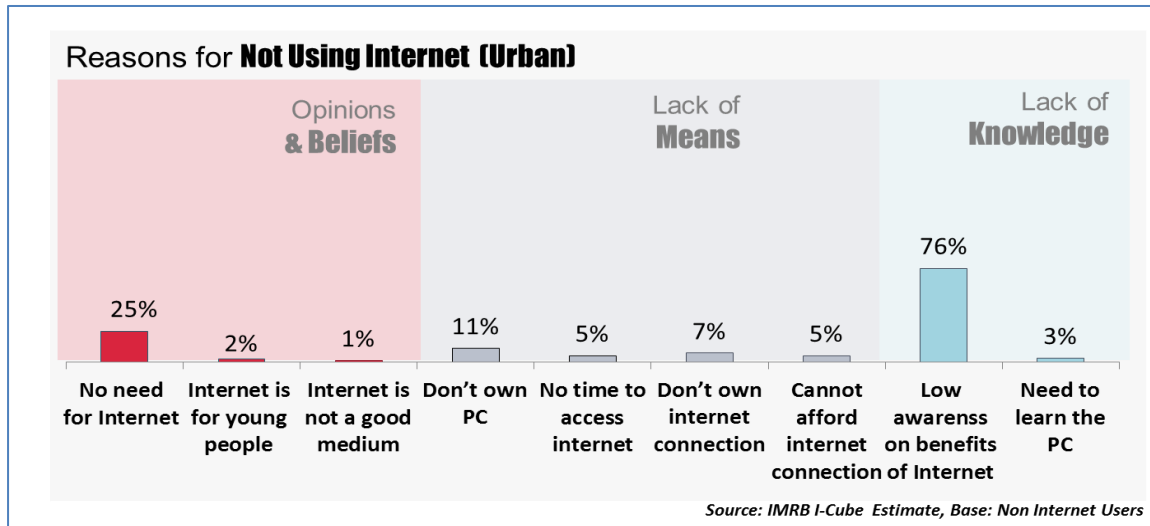Source: IMRB I-Cube 2016, Internet Users in Rural India Estimates
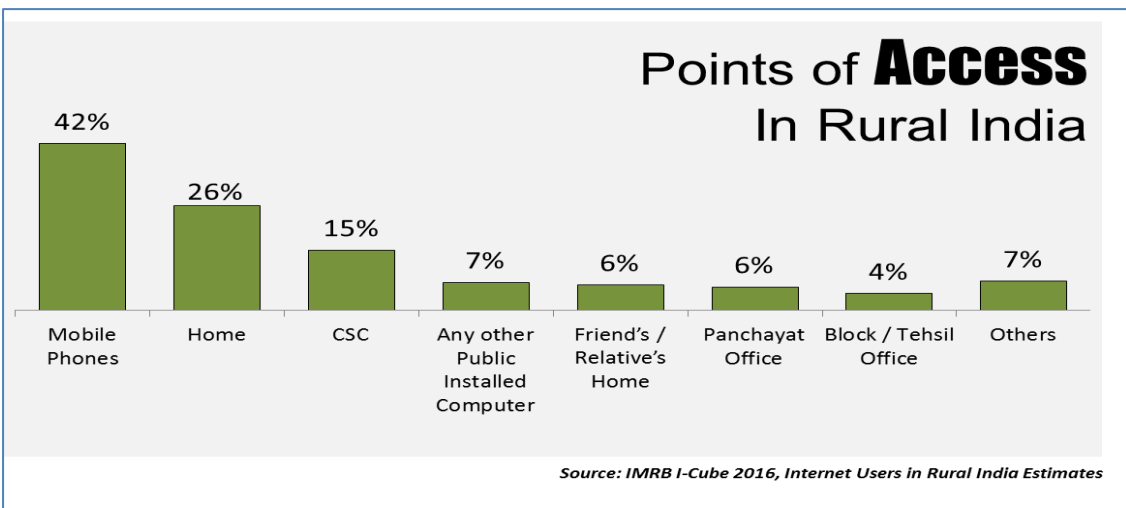
For Rural India, given that usage of mobile phone is more predominant, the point of access includes mobile as a category as well. Not surprisingly, Mobile and home accounts for 68% of total points of access. It must be noted that despite rise in public internet access points in the country today through CSCs, panchayat/tehil office etc; their usage is extremely low. This is in accordance with the purpose of internet usage cited earlier. Given entertainment and social networking is the main purpose of internet access in rural India, the users prefer private access over public access for internet.

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3. Behaviour of Internet non users

Among the non-users of Internet, the reasons behind not accessing Internet services can be grouped into following categories:

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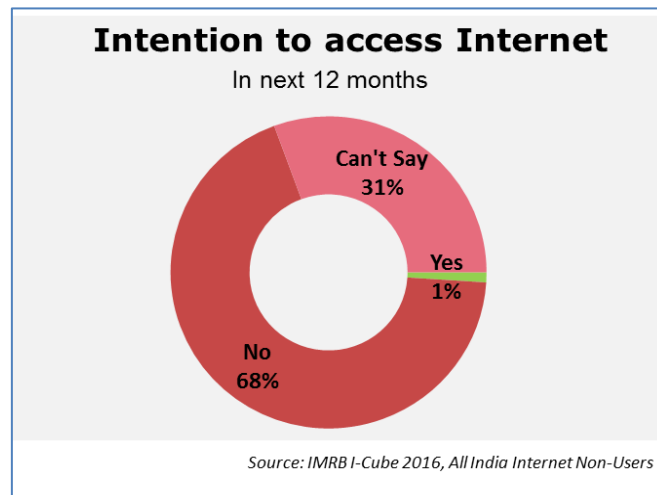- Beliefs (the Opinions held by the non-users)

Reasons for **Not Using Internet (Urban)**

Source: IMRB I-Cube Estimate, Base: Non Internet Users

Reasons for **Not Using Internet (Rural)**

Source: IMRB I-Cube Estimate; Base: Non Internet Users
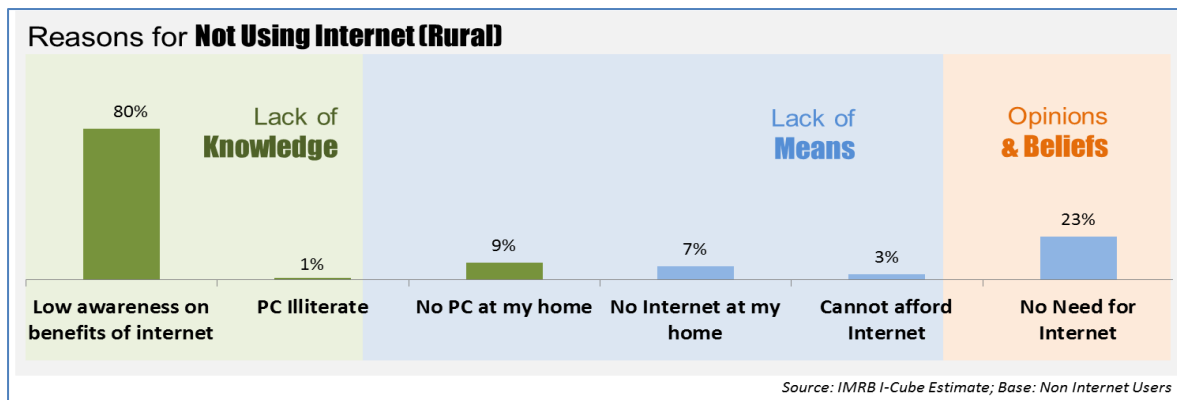
"Lack awareness of benefits of internet" is the main category of reasons for not using Internet among the non-users in Urban India. 76% of the non-users of Internet in Urban India are not aware of internet followed by 3% who need to learn PC.

In Rural India, 80% of the non-users of internet are unaware of the benefit of internet. 23% of the non-users in Rural India still foresee that there is no need for accessing the Internet. 9% don't have internet connection as they don't have a PC at home.

Internet penetration in rural India can only be made possible once the people are made aware of the benefits of internet.

4. Intention to access Internet in Future in India

Intention to access Internet
In next 12 months

Can't Say 31%

Yes 1%

No 68%

Source: IMRB I-Cube 2016, All India Internet Non-Users

Out of all the Internet non-users surveyed as part of this study, only 1% Non-Users is willing to access the Internet in the next one year. This stems from the fact that a sizeable section of non-users in both rural and urban India are unaware of the benefits of internet in India.

5. To Summarise

Growth of internet usage is slowing down in India, with Urban India already having around 60% penetration. The real growth potential lies in the rural sector which has till date only 17% penetration. In terms of numbers, Urban India with an estimated population of 444 million already has 269 million using the internet. Rural India, with an estimated population of 906 million, has only 163 million internet users. Thus, there are potential 750 million users still in rural heartlands; if only they can be reached out properly.

In Rural India, 80% of non-users are not aware of the benefits of internet and 20% don't feel the need for internet. Surprisingly, even in Urban India, 76% non users reported not bring aware of the benefits on Internet. Consequently, 99% of non-users are non-committal towards adopting internet in the coming days. It is interesting to note that in both Urban and Rural India, 'lack of means' (Affordability etc) are not that critical a factor for the non-users.

Availability and affordability of smartphones has changed the choice of device and place of access of internet in Urban India, and there is no denying that smartphones have driven internet adoption in rural India to a large extend. However, for the next boost of internet growth, there are certain roadblocks that need to be addressed before the untapped user-base can be converted to internet users.

Internet is perceived predominantly as a requirement for the youth in both rural and urban India, with activities like social networking, entertainment etc being the main purpose for using internet. Real digitalisation of India can only occur when internet transcends being a mode of entertainment and becomes a necessity for daily life. Urban India is fast adopting e-commerce, digital payments, online ticketing/cab booking, etc that makes internet and integral part of daily life.

Even though these services are fast growing in popularity, they are still limited in their spread and scope, especially in the rural heartlands. For these services to prosper there is need for better

connectivity and stronger IT infrastructure in the rural sectors, extension of e-governance and other services in digital form. What is perhaps more critical is the spread of these services in the local languages for ease of communication and adoption of the population.

To conclude, there is tremendous potential for growth of internet adoption in India if only the true benefits of the internet can be properly communicated to the large non-user base in their language of convenience.

Annexure: Study Methodology, Demographic Segments and Sampling Procedures

Target Segments

For sampling purposes, we extensively used the previous rounds of the I-Cube reports that have laid down the universe of Internet users in the country.

In this round of survey, we have covered all the top 9 Metros as well as other 79 cities.

Below are the cities that have been covered in this research:

Cities by Strata	
Top 4 Metros	Delhi, Mumbai, Chennai & Kolkata
Other 5 Metros	Bangalore, Hyderabad, Ahmadabad & Pune, Surat
Small Metro (More than 1 Million)	Coimbatore,Jaipur,Lucknow,Ludhiana,Visakhapatnam,Patna,Guwahati,Kochi, Vadodara,Indore,Nagpur,Aurangabad,Raipur,Faridabad,Jamshedpur,Asansol, Ghaziabad UA
Non Metro (Between 0.5 to 1 Million)	Belgaum,Aligarh,Bhubaneswar,Durgapur,Malegaon,Salem,Dehradun,Warangal,Gurgaon,Bokara,Bikaner,Jalandhar,Bhavnagar,Mysore UA, Noida (CT)
Small Town (Less than 0.5 Million)	Alappuzha(Alleppey),Faizabad,Panipat,Kanchipuram,Raichur,Nizamabad,Bilaspur,Gaya,Shillong,Latur,Navsari,Bhilwara,Dewas,Kurnool,Silchar,Deoghar,Patiala,Burdwan,Tumkur(CMC),SagarUA,Brahmapur(MCorp.),Kolaghat,Baleshwar ,(Balasore),Philbit,Amreli,Chickmagalur,Bhadrak,Jagdalpur,Tezpur,Sahibganj, RaeBareli,Pathankot,Kashipur,Rishikesh,Solan,Neyveli,Adilabad,Srikakulam,K asaragod,Satara,Margao,Harihar,Himatnagar,Fatehpur,Hajipur,Bhind,Shimla UA,Alappuzha(Alleppey),Faizabad,Panipat,Kanchipuram,Raichur,Nizamabad, Bilaspur,Gaya,Shillong,Latur,Navsari,Bhilwara,Dewas,Kurnool,Silchar,Deoghar ,Patiala,Burdwan,Tumkur (CMC),Sagar UA, Brahmapur (M Corp.),Kolaghat, Baleshwar (Balasore), Philbit, Amreli, Chickmagalur, Bhadrak, Jagdalpur

Demographic Segments

Below are the Demographic segments covered in this research:

Demographic Segments	Definition
School-Going Kids	Kids below 18 years of age who are attending or completed school education and not attending college
College Going Students	Students above the age of 16 years studying in college or university

Young Men	Working men aged between 19-35 years
Older Men	Men above 35 years of age who might be working or not working
Working Women	Working women aged more than 19 years
Non-Working Women	Non-Working women aged more than 19 years

Sampling Procedures

Quota sampling procedure was followed to cover households belonging to SEC A, B, C, D and E category in each of the 88 cities short-listed.

Selection of households was made based on random starting addresses identified from electoral rolls

Care was taken to ensure even geographical spread in identifying the starting addresses across the cities selected

Based on this household survey, we managed to profile individuals in terms of age, gender, occupation, education, computer knowledge & Internet use

From all the individuals in household, we asked the question

- Whether they have used PC
- Whether they have used Internet ever (on a PC, mobile phone, tablet)
- Whether they have accessed Internet in last one month (on a PC, mobile phone, tablet)

Rural Segment

The syndicated research for the rural segment is based upon a primary research survey that interviewed about 15000 people from various age groups, across SECs and genders from the states of Andhra Pradesh, Assam, Bihar, Jharkhand, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Goa, Maharashtra, Chhattisgarh, Madhya Pradesh, Arunachal Pradesh, Manipur, Meghalaya, Odisha, Chandigarh, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh, Uttarakhand, Sikkim, West Bengal.

About IAMAI and Kantar IMRB

About 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 13 years has come to effectively address the challenges facing the digital and online industry including online publishing, mobile advertising, online advertising, ecommerce, mobile content and services, mobile & digital payments, and emerging sectors such as fin-tech, edu-tech and health-tech, among others.

Thirteen years after its establishment, the association is still the only professional industry body representing the digital and mobile content industry in India. The association is registered under the Societies Act and is a recognized charity in Maharashtra. With a membership of over

300 Indian and MNC companies, and with offices in Delhi, Mumbai, Bengaluru and Kolkata, the association is well placed to work towards charting a growth path for the digital industry in India.

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This report has been drafted by the specialized Technology division of Kantar IMRB.

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