Executive summary

Telecommunications is pivotal to a country's socio-economic growth. It is one of the main architects of accelerated growth and progress of different segments of the economy. Increasing connectivity is highly instrumental in improving governance, business communication and security, response to emergencies and in the overall strengthening of the socio-cultural ethos of the country. Removing barriers to information dissemination are prerequisites for promoting equitable and sustainable development as well as political and social cohesion.

Today, the mobile handset is an all encompassing device and is no longer a luxury product. The Government of India (GoI) has made "inclusive growth" a key element of their policy platform; and keeping with its promises and objectives it has realized the critical role played by mobile handsets in achieving this growth. India is the world's second-largest telecom market after China, with the total wireless subscriber base crossing 850 million at the end of June 2011. Mobile handset players are at the center of a vast industry ecosystem that includes suppliers, original equipment manufacturers (OEMs), mobile network operators, retailers, customers, etc. In line with the fact that numerous sectors are dependent on the growth of telecoms, this report highlights the need and rationale for creating an enabling environment for the growth of handset segment.

In the first chapter, we look at the current state of the wireless and mobile handset sector in India. Teledensity in the country has increased rapidly to reach 163.8% by the end of July 2011 in the urban areas, whereas it has to go a long way to bridge the digital divide in the rural areas. The enhanced access to wireless services is the outcome of positive regulatory changes, intense competition among multiple operators, low-priced handsets, low tariffs and significant investments in telecom infrastructure and networks. The rise in teledensity is backed by robust growth in handset volumes, which stood at 150 million in 2010 and the country accounted for more than 10% of the global handset shipments. The handset market in India is likely to be driven by an uptake in wireless services in rural areas, a rise of the replacement market, growth of 3G subscribers and handset playing a key role in inclusive growth.

