EXECUTIVE SUMMARY

India's incredible growth story is manifested in the country's sustained performance to become the fourth-largest economy in the world by Purchasing Power Parity (PPP), after the US, China and Japan. A strong domestic demand and inflow of investments have been the driving factors behind this phenomenal economic growth. Also, while growth in most of the Asian economies, such as China, Thailand and Malaysia, has been driven by the manufacturing sector, growth in India has been driven by the services sector. The vitality of the telecom sector to the country is implicit from its ever-increasing contribution to India's GDP (increased to three percent in 2010 from 1.6 percent in 2006).

The last decade can be rightly called the decade of the voice revolution. The total telecom subscriber base, including wireless and wireline subscribers, reached 899.8 million in August 2011 from 41 million in 2000. The total teledensity in India reached 74.9 percent in August 2011 – a growth of 15.3 percentage points over the preceding year. Even after this strong rise in teledensity, the Indian telecom market is far from saturated. A large part of the country's population base, primarily in the rural areas, still does not have access to quality telecommunications services, and therefore present significant opportunities for growth.

The Indian mobile market is still largely a voice market. Data revenue accounted for about 15 percent of the total mobile revenue in March 2011, as against close to 30 percent in China and the UK. However, data is undeniably going to be the key driver of the Indian mobile market in the years to come. The year 2010 was a landmark year in the history of the Indian telecom sector with the auction and allocation of 3G and Broadband Wireless Access (BWA) spectrum blocks. With the advent of better networks, India now stands at the cusp of another revolution – the information revolution.

Mobile Value Added Services (MVAS) is becoming an integral and indispensible part of the telecom industry value chain. The MVAS market is expected to increase from INR 122 billion in 2010 to INR 482 billion by 2015, driven by the uptake of 3G services in urban as well as in rural areas. It is expected to change the dynamics of the Indian telecom sector by empowering users on one hand and providing significant commercial opportunities for all service providers across the value chain, on the other. Some of the services expected to make an impact on the Indian telecom market are listed here:

