EXECUTIVE SUMMARY

The Indian Economy

The Indian economy has undergone a remarkable transformation over the past two decades. It has grown six times its size since 1991 to USD 1.8 trillion in nominal terms, ranking amongst the top four economies of the world on a PPP basis. It has experienced a growth rate of 7.9 per cent over the decade ending 2012–13 which is amongst the highest globally. While growth has been moderate over the immediate past two years, India's strong demographic fundamentals and robust demand trends are bolstered by a proactive and responsive government which is taking several measures to ensure that the economy bounces back in the near term.

Global Telecom Trends

Against this backdrop of robust long term growth prospects of the Indian economy, this report explores the telecom landscape of India and the world. The global telecom market is being driven by mobile and data as opposed to voice—currently, the mobile segment contributes approximately 70 per cent to the global market, estimated to be USD 1.99 trillion in 2013. Going forward, mobile data would be the key driver of growth. The trend of increased data consumption is reportedly manifesting itself across all access media and even areas which are still incipient, such as machine-to-machine (M2M) or Internet of Things (IoT). In particular, M2M is projected to be a significant source of growth over the next 4–5 years, with 36 per cent growth in units or devices and 89 per cent growth in traffic, which translates to a 24-fold increase in data traffic on a monthly basis. The Internet of Things is therefore emerging as a global phenomenon in our progress towards an always-connected and interconnected world.

Indian Telecom: Future Growth Drivers

Indian telecom has experienced unprecedented growth over the past decade, driven largely by the wireless segment. As of September 2013, 97 per cent of all subscribers are wireless compared to 14 per cent in 2002. The sector today is poised for the next round of growth, spurred on by increasing network coverage, favourable telecom policy and competition-induced decline in tariffs. In order for the sector to transition to the next stage of evolution, we need to capture the future drivers of growth:

- **Rural telephony:** Currently, rural teledensity stands at approximately 41 per cent. The National Telecom Policy (NTP) 2012 has set a rural teledensity target of 70 per cent by 2017 and 100 per cent by 2020.

- **Data:** Broadband connectivity is also expected to grow rapidly, in alignment with global trends. Next generation broadband connectivity in India is expected to clock 450 million in 2017 putting India amongst the top two data markets globally.

- **Digitization services and infrastructure:** Ubiquitous connectivity would result in the proliferation of applications and services embedded not just in personal and social interactions, but also in conducting business, running enterprises, and buying and selling of product offerings.

From the Internet of People to the Internet of Things: The Future of Communications

Internet of People to Internet of Things/M2M implies a fundamental shift in communication services. M2M enables seamless