

## On the road to 2010...

The Internet is not just about communication anymore. Internet, with its enormous reach backed with high-end technology, is the most powerful tool that makes even the unimagined possible. Shrinking the geographical boundaries and the various time zones, the virtual world has proved as the true emperor of today's economy.

Across the globe, countries have acknowledged the need to boost their Telecom and Internet usage to build themselves into superpower nations in the coming years. Internet progress in a nation depends upon factors including telecommunication infrastructure, networking technicians, demanding users and a supportive government.

### The Indian Market

Currently, Internet usage is dominated by the youth with about 38 million users. Studies say that 13 per cent of the total urban population -- of 273 million -- use the Internet. There is a huge immediate potential here with the cities. The most important growth-driving factor for a country like India is to make Internet available to all, across levels. An adequate use of 'Push Strategy' in marketing by the Government and Internet companies will create a good base for the technology to reach the masses.

### Three things that would drive internet growth:

#### 1. Free broadband service

As per I-Cube 2006 report, the smaller metros and towns are increasingly embracing the Internet evolution and are pushing growth from below. Smaller cities and towns have shown a whopping 142 per cent y-o-y growth. To revolutionize this growth further, it is essential to make free broadband services affordable to all and boost the economic activity. The government of India plans to achieve free broadband connectivity at a speed of 2 MB per second across the country. This will be a good breakthrough for this sector enabling more and more people to move into the online world.

Internet is the best source of information. One can access information on any topic and gather knowledge from experts from anywhere in the world. Today, we have seen successful models of e-classrooms that link students and scholars from different places. Providing free broadband services to colleges and other educational institutions would improve the scope of research and exposure to international standards. Indian youth are also more inclined to adopt technology faster and be the leaders in showing the way to other segments.

Also Internet as a medium is known for its high levels of stickiness. Hence a good exposure to the medium will drive significant growth in the next few years.

#### 2. Tax concession for Internet businesses

One other step to increase the broadband usage is to cut down the prices of high-speed Internet. This could be done by providing concessions on Income tax for Internet based businesses.

- Tax concessions on seed funding would bring in more venture capitalists into the industry

- Promote online transactions by exempting service charges and discounts. This would encourage more and more people to use the internet. This would also help the Government to keep a check on the cash flow of the country

- Income tax exemption for Internet based business for a minimum of five years. A similar initiative of the government for the Information Technology industry has yielded maximum returns for the industry

#### 3. Mentoring upcoming entrepreneurs

The third growth-driving step would be train and promote upcoming entrepreneurs in the online space. Industry bodies like IAMAI (Internet and Mobile Association of India) should assume the role of a mentor and provide intellectual support for the young talent and promote their ideas. National conferences and workshops can be conducted to attract sufficient funds from international investors for good projects.

Such industry bodies can create a platform for existing players in the Internet space to share their experience and know-how with the budding entrepreneurs to help them build successful business models.

We are at the early stages of Internet revolution in India. The medium is buzzing with activity, with many new entrants in verticals such as job sites, travel sites, online real estate, blogging and many more. Thus the system is all set to support the growth and with focused initiatives, we can achieve remarkable increase of user base by 2010.



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