

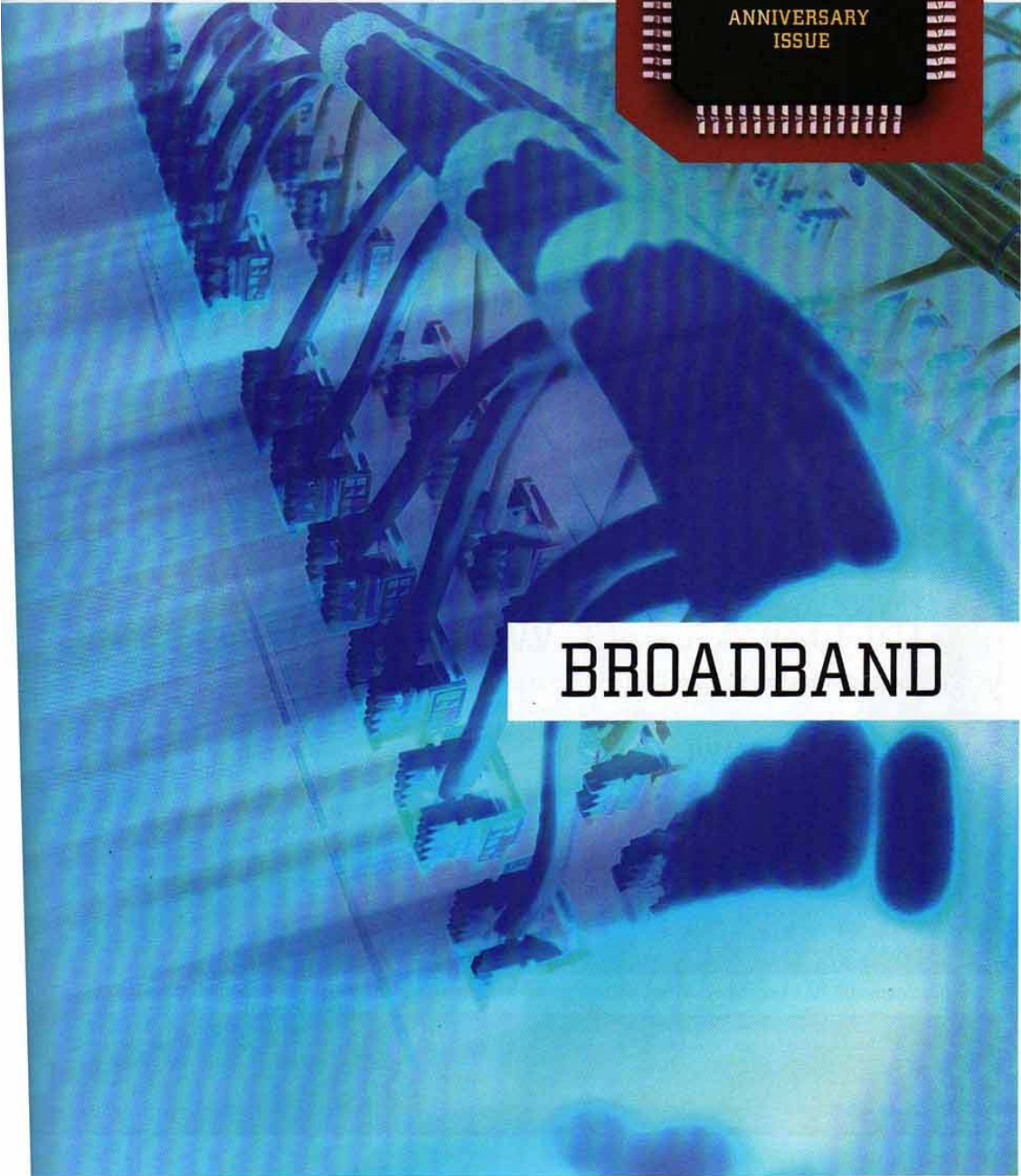
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BROADBAND

try. 96% of the total subscribers are wireless subscribers and only 4% are wireline subscribers." No wonder then that almost broadband's hopes are riding on mobile 3G.

According to Internet and Mobile Association of India (IAMAI), mobile Internet users are expected to touch 48 million by end March 2012. On an average, in the last year, the number of mobile Internet users has been witnessing a growth of 15% quarter-on-quarter. According to Deepak Gulati, Executive President, Mobility, Tata Teleservices Limited, "Currently, wireless mobile broadband industry revenue stand at over ₹3,000 crores every year, whereas industry gross customer additions are close to 5 lakh every month."

With the advent of 3G, things were expected to change drastically for the mobile broadband space. The results however, are yet to be visible. So far, 3G hasn't been able to see any substantial growth. The cost of data-plans and smartphones has often been held responsible for this below-expectation performance. As Bajpai said, "Even with 3G, mobile broadband experience in large cities is below par. Mobile broadband can catch the users' fancy only if we get the price-quality equation right."

However, the hope is yet to die. According to Dr. Subho Ray, President, IAMAI, "3G can be described as in an early stage. Usually, from auction to network roll-out to mass adoption, the new technology takes at least three years. One year is too little a time to make any useful comment on the state of affairs."

Joshi said, "Since mobile broadband can be installed instantly, is available at comparable prices to wireline and does not require huge investment in creating the fixed line infrastructure, we believe that wireless broadband will grow much faster than wireline broadband."

Social networking applications and entertainment apps for astrology, Bollywood, cricket etc. are expected to drive much of this growth.

With close to ₹70,000 crores having

been paid by the telecom companies to the government for the 3G licenses, there are huge hopes for a surge in number of users connecting to the Internet through their mobile phones which will be aided by the fact that a large portion of recently made mobile handsets have the capability to access the Internet.

Operators are expected to invest around \$121 bn in 3G infrastructure over the next five years and the number of 3G subscribers in India is projected to cross 107 mn mark by 2015, where the rural subscribers will comprise 24% of the overall 3G subscriber base. According to Abhishek Chauhan, Senior Consultant, ICT Practice, Frost & Sullivan, South Asia and Middle East, 3G revenues are estimated to increase from ₹862 crores in FY 2010 to close to ₹200,000 crores in FY 2017 at a CAGR of close to 120%.

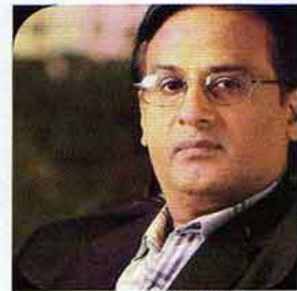
The tunnel is certainly well lit for 3G. Meanwhile, TRAI and DoT have already started the process for 4G LTE advanced deployments through consultation papers published for the industry review.

4G LTE technology is expected to bring more growth in the broadband space as unlike 3G, which offers an average usable data transfer speed of 1-3 Mbps, 4G technology will offer about 10 Mbps. Also 4G operators will effectively have at least three times the spectrum as compared to the 3G operators allowing them to create a substantially larger capacity to service high usage applications as well as volume of subscribers.

However, "The high cost of setting up a terrestrial broadband network, providing seamless network connectivity and high dongle cost are some of the major challenges that are hindering the penetration of wireless mobile broadband in India," observed Gulati.

In the realm of affordability

So far, the biggest crib around both



OUR 1% PENETRATION HAPPENS TO BE THE ONE OF THE LOWEST IN THE WORLD AS COMPARED TO OTHER COMPARABLE ECONOMIES LIKE RUSSIA (11%), BRAZIL (7.5%) AND CHINA (9.5%)

PRAKASH BAJPAI,
FOUNDER, MD & CEO,
TIKONA DIGITAL NETWORKS

wired and wireless broadband has been that the plans and devices are not within the affordability bracket for a majority of population. While the smartphones could make you poorer by upwards of ₹15,000, a PC/Laptop is dearer by ₹20,000 or more.

The good news is that with the multiplicity of devices entering the market and the competition getting intensified, prices are expected to take a downward dip. Today, a smartphone can be purchased for around ₹12,000. Tablets have entered the picture, some with bundled 3G data plans look like a relatively affordable proposition.

Data plans also are getting cheaper and BSNL, according to sources, is not too far from introducing a data plan at around ₹50 per month. The hopes around 4G changing the mobile broadband space for the better are also high and Broadband Wireless Access is also expected to accelerate the reach of broadband significantly.

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THE ABSENCE OF REQUIREMENTS ON LOCAL LOOP UNBUNDLING AND COMPLICATED RIGHT OF WAY PROCEDURES FORM A SIGNIFICANT HURDLE. THESE MUST BE ADDRESSED IF BROADBAND IS TO ADDRESS LAST MILE CONNECTIVITY CHALLENGES