

Indian broadband market could explode

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The telecom world may still be marveling at India's mobile telephony growth, which at 100 million connections has emerged as the fastest growing in the world, but the other scorching growth story in the country's telecom sector could well be broadband over wireless.

That's the conclusion Canada-based broadband telecom research firm Maravedis Inc. and its Indian counterpart Tonse Telecom arrived at in their just released report on the Indian broadband market.

The report forecasts that the next phenomenal telecom growth story in India lies in broadband wireless access (BWA) segment, which could experience the same explosive growth as mobile telephony experienced over the last three years.

"Our analysis of the Indian broadband market has revealed that although broadband has seen grown quite a bit in the past year it has seen nothing yet," said Adlane Fellah, CEO and founder of Maravedis, that claims to be a world leader in market research and analysis of the global broadband, BWA and WiMax markets. "But if India can bring in the right conditions, broadband, particularly over wireless access, would follow the same explosion as mobile phones experienced in India lately."

The mobile phone made its debut in the country in 1995 and struggled for the first three years to touch the 1 million mark in 1998. Growth started perking up thereafter to reach 3 million in 2000, 5 million in 2001, and 10 million in 2002. But finally due to a variety of reasons like a new telecom policy that removed the problems of mobile operators and

the crashing of handset prices, mobile telecom subscription exploded in the country to reach 100 million in June 2006.

And now, analysts even project that India's monthly net mobile subscriber additions could overtake those of China in the next few months. China added 5.6 million mobile subscribers in May, while India's mobile-phone subscriber base grew by 4.25 million (June figures not released yet) that month.

However, according to Sridhar Pai, the co-author of the report, to achieve that kind of growth the Indian government has to take the first steps, which are opening up the spectrum-radio waves that carry the voice/data- for WiMax so that broadband can proliferate over wireless using specifically the WiMax technology, and formulates policies so that prices of end user equipments -- like computers and modems -- fall to make them more affordable for Indians.

WiMax is defined as Worldwide Interoperability for Microwave Access. It is a standards-based wireless technology that provides high-throughput broadband connections over long distances. WiMax can be used for a number of applications, including "last mile" broadband connections, hotspots and cellular backhaul, and high-speed enterprise connectivity for business.

Broadband services were launched in India in 2005 and now cover about 300 Indian cities with a combined 1.5 million connections. But even as wireless telephony was growing at scorching rate then, India chose to introduce broadband using the ADSL or asymmetric digital subscriber line technology that basically uses existing copper telephone lines thus restricting its data transfer speed and reach.

"In a country as congested as India the ADSL technology can only grow to a certain extent," Pai said, "and in fact it has already reached

saturation."

Which is why, even as 1.5 million broadband connections in about a year look reasonably satisfactory by Indian standards, the number is piffling considering that India now has 50 million fixed line and 100 million mobile users, said the report.

However, while low broadband penetration is a clear opportunity, its main hurdle is availability of spectrum. Currently, telecom operators and the government are engaged in a war over spectrum allocation. While the operators are clamoring for more spectrum for expansion and improvement their quality of services, the government that "owns" most the spectrum through the country's space and defense sectors, is still undecided on how to allocate this scare resource.

The report said that even if the government has recently announced allocation of spectrum on the 3.3 to 3.4 GHz band range, the country needs 3.4 to 3.5 GHz -- which is the WiMax spectrum -- for a profitable business case.

Meanwhile activity in the broadband wireless access space seems to be hectic already, in anticipation of the government announcing its new spectrum allocation policy expected by the year end.

For instance, five Indian operators, Bharti TeleVentures, Reliance Telecom, the NASDAQ-listed SIFY Ltd, the state-owned BSNL and Tata Group-owned VSNL have acquired Broadband wireless licenses in 3.3 GHz range and are in various stages of trials.

The report says that VSNL has also announced Phase 1 pre-WiMax deployment although there is clearly insufficient spectrum.

Global telecom companies too have joined the fray. Intel is reportedly

making "significant progress" in working closely with the Indian government in bringing the country's rural broadband goals to reality, while Motorola is strengthening its presence in the hinterlands through its extensive broadband wireless access projects for state governments.

Alcatel has joined the bandwagon too by entering into a joint venture recently with a government-owned telecom research outfit to focus on exclusive BWA/WiMax solutions that are tailor made for India "at Indian price points."

"Although the Indian broadband arena is emerging, it offers huge potential for those that can demonstrate perseverance, patience and commitment," said the report, which has projected that assuming India releases WiMax spectrum by this year end, the annual BWA/WiMax equipment market opportunity -- a mere \$6 million in 2005 -- could increase to \$256 million in 2012.

"By then India could have accumulated 18 million BWA subscribers making the country one of the top three WiMax markets in the world," Fella said.

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