

Indian government begins allocating 3G bandwidth

September 1 2010



An Indian woman speaks on a phone in Allahabad in April 2010. India's government has begun allocating third-generation (3G) bandwidth for cellphone services to mobile operators after a multi-billion-dollar auction of licences.

India's government on Wednesday began allocating third-generation (3G) bandwidth for cellphone services to mobile operators after a multi-billion-dollar auction of licences.

The auction for high-speed 3G services raised 15 billion dollars for the government from successful bidders who included leading mobile companies Bharti Airtel, Reliance Communications and Vodafone Essar, among others.

"We have started the allocation," a spokesman for the telecom ministry

told AFP, declining to be identified.

The government had promised to start allocating 3G spectrum on September 1.

The government's auction of 3G bandwidth for cellphone services, which ended in May, saw the winning bids for 71 licences in 22 service areas soar to up to five times the original reserve price.

For at least the first year as 3G is rolled out, the main focus is expected to be on improving call quality. India's 2G spectrum is congested and, as well as serving high-end users, the 3G spectrum will also allow operators to free up bandwidth for more voice users.

3G uptake in India is expected to be slow in the initial stages as 3G handsets are costlier than second-generation handsets.

The country is following in the footsteps of fellow [emerging market](#) giant China, which started offering 3G services last year.

3G allows mobile phone users to surf the Internet, video conference and download music, video and other content at a much faster pace than the current second-generation service.

Analysts say India's rural areas offer huge market potential but rolling out infrastructure to support [3G networks](#) will be costly and the main, immediate battleground for 3G customers will be in urban areas.

For telecom firms the high bids reflect the importance of retaining an edge in the world's fastest growing [mobile market](#), which has more than 636 million subscribers and has been adding up to 20 million customers a month.

Seven of India's 14 [mobile operators](#) won the right to offer 3G services in different regions, but none managed to secure bandwidth in all 22 areas. Bharti and Reliance led the pack, securing 13 areas each in the bidding.

Companies are expected to form alliances so they can offer 3G service nationwide. State-owned telecom firms BSNL and MTNL were awarded 3G spectrum last year provided they matched the final auction price.

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