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4G may take 2-3 years for wider adoption in India: Analysts

By *Muntazir Abbas*, ET Bureau | 16 Feb, 2015, 04.02PM IST

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NEW DELHI: Mukesh Ambani's Reliance Jio Infocomm may be readying to launch its 4G launch sometime in 2015, but the industry doesn't expect the technology to gain wide adoption any time soon in the country, with services on 3G to remain the mainstay for carriers.

BusinessandMarket.net founder-analyst Deepak Kumar said that India's 4G ecosystem is at a "nascent stage" and said that it would take 2 to 3 years to ramp up as there was still a lot of headroom for 3G services in the country.

"4G-LTE ecosystem is not mature at a mass scale while consumers in 4G-enabled regions are apparently not looking at it as a value-for-money proposition," Kumar said. "3G is still has a long way to go as most of the incumbent operators are currently focusing on monetization of their 3G investments."

Industry estimates the 3G subscriber base to surge to 400 million by 2020 from nearly 100 million today. Operators had invested a whopping Rs 67,700-crore on buying 3G airwaves (2100 Mhz band) in the 2010 spectrum auctions, and more on the networks. Some carriers, including Jio and [Bharti Airtel](#), had also bought 4G spectrum (2300 Mhz band) at that time.

Bharti Airtel, India's top carrier, has since launched 4G services across four circles on TDD LTE technology, which uses the 2300 Mhz band, but hasn't seen much traction, while Jio is widely expected to start services mid-2015. Both telcos are now eyeing the 1800 MHz band, or the FDD-LTE technology, to deploy 4G services. The ecosystem, including handsets, for 4G on 1800 Mhz is far more developed globally, than on the 2300 Mhz band.

Aircel too has launched 4G LTE in select areas of the six telecom circles that include Tamil Nadu, Andhra Pradesh, Assam, Bihar and Odisha.

The 4G user base on Airtel and Aircel combined is less than 1% of total over 900 million subscribers in India. There are only a few handsets which support 4G TDD-LTE technology, but are on the pricier side, though prices are falling rapidly. Expert say the inflection point of wider 4G adoption would be when devices cost around Rs3,000 or less.

The 4G network and device ecosystem of the TDD version of the LTE to be deployed in the 2300 MHz band, according to [GSM lobby](#) group COAI, is still developing globally, and the non-availability of compatible devices remains a grey area.

"A partial launch from Reliance Jio is expected as it would unnecessarily risk its credibility to postpone the launch indefinitely," [Mahesh Uppal](#), director of telecom consultancy firm Com First said, citing a 4G ecosystem that is still far from ready.

The real challenge for Jio would be to acquire or churn data customers from competitors.

"The subscribers cannot be expected to jump ship unless Jio can offer a dramatically improved and substantially cheaper service, although the weak ecosystem would make that very tough," Uppal said.

Jio was the only operator to have won pan-India broadband access wireless (BWA) spectrum (4G) in 2010, but hasn't launched services



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so far, which most blame on the nascent handset eco-system, and non-efficient 2300 Mhz band. The company won 1800 Mhz spectrum in 14 circles in the February 2014 sale, and now plans to launch services on a combination of both bands - use 2300 Mhz for data and 1800 Mhz for voice.

COAI, of which Jio and Airtel are members, has even asked the telecom department to relax the 4G rollout deadlines by a year, citing the technological bottlenecks as well as the delay in grant of the bandwidth. The deadline is May 2015.

"Besides lack of vernacular content and devices affordability, the operators have faced significant delays in receiving clearances from the Wireless Planning & Coordination Wing while Right of Way (RoW) challenges exist," COAI director general [Rajan S Mathews](#) said.

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