

A wireless revolution sweeps India

Nandini Lakshman, **BusinessWeek.com** | November 29, 2007 | 08:51 IST

Mumbai college student Deepanjali Singh was so heartbroken after losing her Motorola handset in early October that she took an almost \$200 loan from her mother to get a replacement -- fast.

She uses her cell phone not only to talk to friends but to check e-mail, send text messages with MSN Messenger, and log onto her Facebook profile. When she couldn't get on a college PC to do research for a paper recently, she simply used Google via cell phone.

"With a touch screen on my mobile, I access the Net anywhere, anytime, and [do] not depend on my PC," Singh says. "I've got so used to the mobile Internet that I feel lost without it."

- [Baseball, Apple Pie and Mahindra?](#)
- [The Global Millionaire Boom](#)

So do more and more people in India. The number of Indian consumers connecting to the Internet via cell phones more than doubled, to 38 million from 16 million just last year, according to a report by the Telecom Regulatory Authority of India.

"Mobile Internet is increasingly becoming a popular feature in India today," says Diptarup Chakraborti, principal analyst at Gartner Research. And it's got a long way to go in the world's fastest-growing mobile-phone market, where more than 200 million people use mobile phones and 7 million are added to the rolls each month.

While wireless Web use in India has been climbing for some time, the gains are becoming so pronounced that they're exposing anew the frailties of India's traditional Internet networks and fueling a race for customers and sales among wireless carriers and handset makers.

More Attractive Internet Options

For the first time the number of Internet connections via the PC declined, from 9.27 million in the first quarter to 9.22 million in the second quarter, according to TRAI. In the same period, state-run telecom-service providers Bharat Sanchar Nigam and Mahanagar Telephone Nigam, which account for about 54% of the country's total Internet customers, lost almost 3% of their subscribers.

BSNL divisional general manager Suresh Kumar attributes the "so-called decline" to the company's efforts to terminate the "unused dial-up connections" of subscribers who migrated to broadband. MTNL employees concede that service was degraded as demand surges crashed servers.

- [Slide Show: Countries with the Most Millionaire Households](#)
- [The Visa Shortage: Big Problem, Easy Fix](#)

Whatever the cause, it's clear that choppy service won't do for India's fickle yet Internet-addicted consumers. And wireless Internet service providers are happy to woo subscribers dissatisfied with their existing services.

Bharti Airtel and Tata Indicom offer wireless as well as fixed-line connections to the Web, while local cable operators provide cable modem Internet hookups. Such options are especially attractive, considering the wait of as long as a month for a dial-up or broadband connection from BSNL or MTNL. Wireless phones can be bought right off store shelves, with Web connections set up instantly.

The appeal of the wireless Web can be particularly strong for rural residents who have little access to the Internet via PCs. P. S. Parasuram, head of new product development and content at Bharti Airtel, says "the mobile is the first Internet experience for rural folks."

Outside India's big cities, providers entice subscribers with services that let farmers use a handset to call up such information as land records, feed prices, and weather reports. Nokia, Samsung Electronics, and Motorola sell mobile phones in villages for as little as \$63. Vodafone entered the Indian market through its \$11.1 billion purchase of Li Ka-Shing's 67% stake in Hutchison Essar, and in a partnership with China's ZTE for handsets.

"Relevant mobile content and aggressive marketing by companies is boosting mobile Internet usage," says Pankaj Mohindroo, president of the Indian Cellular Assn.

New Phones for New Services

Experts attribute the surge in wireless Web use to a combination of falling handset prices, network upgrades, and an economic expansion that's leaving many young people flush with disposable income. India's economy is growing at over 9%, and younger consumers, especially those working in call centers, can now afford the personal digital assistants and Research In Motion BlackBerrys that, as recently as a year ago, seemed out of reach to everyone but wealthy businesspeople and other professionals.

Handset prices have dropped almost by half in the past two years, says Gartner's Chakraborti. And for fees of \$2.50 to \$12.50 a month, consumers can get all manner of information -- market quotes, headlines, cricket scores, even the net asset value of a mutual fund investment -- in the palm of their hands.

Of course, hip Indian youngsters, like their peers in Europe, the U.S., and elsewhere in Asia, use mobile Web access to check e-mail, download music and games, and vote for their favorite performers on reality TV shows. Internet bigwigs Google, Yahoo!, and Microsoft are forging partnerships to get their messaging, search, and other services into users' hands, too.

Such services are of little use on outmoded phones and networks. But now, almost 90% of phones being sold in India operate on the General Packet Radio Service, or GPRS, system, which provides wireless Internet access. Today more than half of Nokia's handsets carry GPRS features, compared with 20% a year ago.

Slower Download Times

As features proliferate, the potential financial returns for service providers multiply. Whereas a standard text message typically costs 2.5¢, the cost of calling up mutual fund information is closer to 15¢ a message.

Downloadable ringtones are already a \$45 million annual business in India and are expected to grow at a double-digit rate through 2010. For top telecom players such as Bharti, Reliance Communications, Tata, and Vodafone, ringtones account for nearly half of all nonvoice revenue.

For all the increased reliance on cell phones to connect to the Internet, there's little danger handsets will replace PCs soon. Mobile connectivity in India is still uneven and is far slower than in other parts of the world. "GPRS is a largely dysfunctional way of accessing the Internet," says Shubham Majumdar, associate director of research at Macquarie Securities, a division of Macquarie Bank.

Manoj Mehra, 25, who works at a bank in Mumbai, says downloading anything from the mobile Internet takes him a "frustrating" one to two minutes.

What's more, mobile Internet access is expensive. "I use it only when there is no landline connectivity at hand," says Singh, which translates to about 10 minutes a day.

Those struggles notwithstanding, demand for wireless Internet access is likely to keep skyrocketing. The Indian Cellular Assn. expects 200 million people to sign on to the Internet with their mobile phones by 2010.

Even a couple of minutes a day multiplied by that many people spells continued headaches for state-run telcos, swelling coffers for handset makers and mobile carriers targeting the Indian market, and a greater dependence on wireless Web access for people like Singh.

- [How India Clusters Growth](#)
- [Slide Show: India's Top Multinational Manufacturers](#)

Print this Page

Close

URL for this article:

<http://www.rediff.com///money/2007/nov/29bweek.htm>

© 2003 rediff.com India Limited. All Rights Reserved. This material may not be published, broadcast, rewritten, or redistributed.