INDIAN MOBILE TELECOMMUNICATIONS: 2007-2008

By-

T.V. Ramachandran
Director General, COAI

April 23, 2008 @ Mumbai
“I see a nation that has the capacity and confidence to address and resolve these challenges. The world believes that India, to quote the great Jawaharlal Nehru, has a tryst with destiny. The time has come to redeem that pledge.”

James D. Wolfensohn, World Bank President, New Delhi
Nov. 18, 2004
INDIAN MOBILE SECTOR IS VIGOROUSLY REDEEMING THAT PLEDGE....

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Country</th>
<th>Q4 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>25,454,786</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>18,958,322</td>
</tr>
<tr>
<td>3</td>
<td>United States of America</td>
<td>7,764,634</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>7,002,391</td>
</tr>
<tr>
<td>5</td>
<td>Pakistan</td>
<td>5,585,056</td>
</tr>
</tbody>
</table>

In Q4 2007, Topped Global Charts in terms of Net Additions

Source: GSMA
Indian mobile sector is vigorously redeeming that pledge….

- Records tumbling month after month……..

- In March 2008, over **7.6 million GSM additions!** – **GLOBAL HIGHEST**
  - Estimated total mobile adds of **nearly 10 Million!!!**

“India’s wireless subscriber base during the first half of April 2008 will surpass that of USA and will become second largest wireless network in the world.”


<table>
<thead>
<tr>
<th>Country/Months</th>
<th>Nov-07</th>
<th>Dec-07</th>
<th>Jan-08</th>
<th>Feb-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>521.36</td>
<td>527.97</td>
<td>534.58</td>
<td>540.50*</td>
</tr>
<tr>
<td>USA</td>
<td>251.94</td>
<td>255.32</td>
<td>257.45</td>
<td>260.50*</td>
</tr>
<tr>
<td>India</td>
<td>225.46</td>
<td>233.63</td>
<td>242.40</td>
<td>250.93*</td>
</tr>
</tbody>
</table>

*Projected subscriber base
HOW DID WE GET HERE?!....

- “There is no shortcut to any place worth going”
  
  ........Beverly Hills

- “The mode by which the inevitable comes to pass is effort”
  
  ........Oliver Wendell Holmes

Indian Mobile Saga is an Epic Story of Various Challenges. Actions and Course Corrections
Forward Looking Policies, Enabling Regulatory Framework & Strong Industry Actions have Yielded Continuing Customer Benefits

Source: TRAi and COAI
INDIAN CONSUMERS GET THE WORLD'S LOWEST MOBILE TARIFFS

Source: Merrill Lynch Global Matrix - Q1 2007
HIGHEST MINUTES OF USAGE

- Russia: 84
- Malaysia: 159
- Australia: 179
- Korea: 315
- Singapore: 320
- China: 323
- Thailand: 326
- India: 461

Source: Merrill Lynch Global Matrix – Q1 2007
“..What matters most about a new technology is not how it works, but how people use it and the changes it brings about in human lives…”

…. Frances Cairncross
“The mobile phone has moved beyond being a mere device to become a key “social object” present in every aspect of our daily lives”

*International Telecommunications Union. ITU*
Small businessmen and vendors have witnessed nearly 25% rise in their businesses owing to uptake of mobile phones.

“the cell phone has allowed him to put his two sons – ages 16 and 12 -- into schools where they will get a good education”. 

....Washington Post
“The transformation in telecommunications has accomplished what our socialist policies couldn't — empower the less fortunate”.

“Living in several centuries simultaneously”

 ..........Shashi Tharoor
INDUSTRY ACTIONS
IN
PUBLIC-PRIVATE PARTNERSHIP MODE
India needs TCoEs’

- Capacity Building to sustain the explosive Growth
- Benchmarking global best Technologies and Practices
- Prepare for Mobile Info Security, Next Generation Networks, Disaster Management services etc
- Plan a National Information Infrastructure to make India a leading Mobile Information Society
- Innovate actions for bridging Digital Divide
- To undertake India specific content & applications development

Concept Genesis in 2006, **SEVEN** TCoEs’ created in 2007-2008!!...

“Take-up of the PPP Model in Record Time!”
## THE TCoEs

<table>
<thead>
<tr>
<th>No</th>
<th>Proposed Field of Excellence</th>
<th>Associated Institute</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Next Generation Networks &amp; Network Technology</td>
<td>IIT, Kharagpur</td>
<td>Vodafone Essar + Texas Instruments</td>
</tr>
<tr>
<td>2.</td>
<td>Policy, Regulation, Governance, Customer Care &amp; Marketing</td>
<td>IIM, Ahmedabad</td>
<td>IDEA Cellular</td>
</tr>
<tr>
<td>3.</td>
<td>Telecom Technology &amp; Management</td>
<td>IIT, Delhi</td>
<td>Bharti Airtel</td>
</tr>
<tr>
<td>4.</td>
<td>Information Security &amp; Disaster Management of Info Infrastructure</td>
<td>IISc, Bangalore</td>
<td>Aircel Ltd + Texas Instruments</td>
</tr>
<tr>
<td>5.</td>
<td>Technology Integration, Multimedia &amp; Computational Mathematics</td>
<td>IIT, Kanpur</td>
<td>BSNL + Alphion</td>
</tr>
<tr>
<td>6.</td>
<td>Telecom Infrastructure &amp; Energy</td>
<td>IIT, Chennai</td>
<td>Reliance</td>
</tr>
<tr>
<td>7.</td>
<td>Rural Applications</td>
<td>IIT, Mumbai</td>
<td>Tata Teleservices</td>
</tr>
<tr>
<td>8.</td>
<td>Spectrum Management (proposed)</td>
<td>WPC</td>
<td>Government + Industry Consortium</td>
</tr>
</tbody>
</table>

“Never Before in History has Innovation Offered Promise of so Much to so Many in so Short a Time”

---

Bill Gates
1. Project “MOST” – Mobile Operators Shared Tower
   - Kick started infra-sharing in India and demonstrated proof of concept of the possibility of multi-technology (GSM & CDMA) and multi operators (upto 6 operators) sharing a single tower

2. Unique USOF Scheme to Incentives setting up of Shared Passive Infrastructure in Rural Areas:
   - Subsidy for setting up and managing 7871 towers in 500 districts spread over 27 states.
   - Subsidy proposed for another 11,000 towers in the Second Phase.

3. ‘Guidelines on Infrastructure Sharing’ announced on April 01,2008
   - Active Infrastructure Sharing Permitted
   - Procedures/Policies Streamlined

Sharing Vital for Cost Efficiencies in intensely Competitive Market
1. **Subscriber Verification**
   - Apex **Advisory Council for Telecom** in India - 4 stage process for verification
   - Re-verification of existing prepaid subs – completed re-verification of ~ 85 million subs in stipulated time of 10 months!!

2. **Setting up of Telecom Sector OMBUDSMAN**
   - Low cost and expeditious redressal mechanism for consumer grievances – **to be operationalized shortly**

3. **Mobile Instant Messaging**
   - Provides an **interoperable** real time, fast-paced, multi-party conversation environment.
   - Implemented across all GSM operators
Rural India Beckons !!!....

- Mobile affordability not really an issue anymore....
- Lifetime prepaid a great success....
- Over 700 million waiting to be connected....
- Over 50% of the new connections now outside urban areas....
- Industry launching a special ‘Rural Chalo’ mobile scheme to attract 50 million new rural subscribers....

“To Get Rich, Sell to the Poor & the Rural”
THE OPPORTUNITIES AHEAD

Value Added Services: Scope for Trebling of Revenues!!...

1. Mobile Music:
   - Sales already surpassed physical music sales
   - By 2009, over 75% of total music sales expected to be mobile music
   - Rs 3600 cr mobile music revenue in 2009

   “If music be the food of mobiles, do play on……”

2. Other VAS Opportunities
   - Mobile Banking
   - Ticketing
   - Maps
   - Mobile DATA/INTERNET Access,
   - E-Mail,
   - Search,

3. Enormous potential for Regional Content…..

   “Application is the KING but ‘Content’ is the EMPEROR!!!…..”
THE 3G OPPORTUNITY

- Government guidelines expected soon

- Apart from meeting the data speed requirements of the urban and ITES/BPO sector, 3G will help meet the crucial broadband requirements of the rural sector

- Opportunities enormous in rural Health Care, Education and Governance

- Mobile Broadband to Overtake Fixed Broadband by 2010

In India, when you think Broadband, Think Mobile Broadband
THE CHALLENGES

- The huge burden of levies & duties
  - Licence fee, USO levy & Spectrum Usage Charges need to be reduced

- Early release of Spectrum by Defence.

- Management of Cost efficiencies to cope with the state of hyper competition
  - > 12-14 operators in each circle!!

Each Challenge is an Opportunity, Waiting to be Exploited…
...MUCH ACHIEVED, BUT YOU AIN’T SEEN NOTHING YET !!!

<table>
<thead>
<tr>
<th>Year Ended December</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Subs</td>
<td>149</td>
<td>235</td>
<td>330</td>
<td>430</td>
<td>525</td>
<td>633</td>
<td>741</td>
</tr>
</tbody>
</table>

Even at 750 mln, mobile penetration only about 64% !
THANK YOU!!

tvram@coai.in