After waiting for nearly three years, 3G is finally available to the Indian user. Since September 2010, when the Department of Telecommunications allocated 3G spectrum, operators have been gearing up to launch services.

TATA DOCOMO, the GSM arm of Tata Teleservices Limited (TTSL), was the first private operator to launch 3G services, in November 2010. It was followed by Reliance Communications (RCOM), Bharti airtel, Aircel and Vodafone Essar, which rolled out 3G services between end-2010 and early 2011. Idea Cellular became the latest operator to join the 3G brigade, launching services in end-March 2011.

With focused rollout plans, operators have tried to make good the billions of rupees they invested during the May 2010 auctions. They have strategically launched 3G in circles where the uptake is likely to be the highest. The service will, over time, be rolled out in a phased manner across all circles where they have won licences.

Besides offering innovative services, operators have also come up with initiatives to educate consumers about 3G. They are offering free services for a limited period and setting up centres to familiarise users with the service.

3G is being viewed as a highly lucrative revenue stream, especially with voice revenues flattening. Therefore, be it through innovative ad campaigns and tariff plans or brand overhauls, operators are leaving no stone unturned to make 3G a success.

tele.net takes a look at the status of 3G rollouts, recent initiatives and future plans of telecom operators in India...

TTSL

TATA DOCOMO launched 3G services in Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and Uttar Pradesh in November 2010. At the launch of the services, TTSL's former managing director Anil Sardana said, "TATA DOCOMO's 3G services will provide customers a dual advantage: trusted service from the Tatas and the technological excellence of NTT DOCOMO."

To give its customers a flavour of the 3G experience, the operator offered these services free for a week and converted its retail stores into experience centres where users could familiarise themselves with the new technology. During this period, TTSL collected and analysed data on customer usage to work out its pricing plan.

TTSL announced two 3G-specific plans: small screen and large screen. While the small screen plan is best suited for users who need both 3G voice and data connectivity, the large screen plan is for those who want to use 3G services mostly to access the internet on their laptops and personal computers.

According to the operator, its 3G service has received a positive response and was being used by 15 per cent of its data users as of March 2011. Between November 2010 and March 2011, the company covered 100 towns on 3G and is looking to expand rapidly. According to TTSL, the launch of 3G has boosted non-voice revenues because data usage by subscribers has gone up significantly. "We are witnessing a 30-50 per cent increase in data volumes on a month-to-month basis. And every month, the adoption rate is increasing," says Deepak Gulati, executive president, mobility business, TTSL. Non-voice revenues are currently contributing 13 per cent to the company's total revenues.

Recently, NTT DOCOMO, which has a 26 per cent stake in TTSL, announced an investment of Rs 8 billion in TTSL as part of a rights issue by the Indian partner. The majority of this amount would go towards upgrading the operator's 3G network in India.

RCOM

In December 2010, RCOM became the second private telecom player to launch 3G services in the country. The services were initially launched in the high-ARPU cities of Mumbai, Delhi, Kolkata and Chandigarh. In subsequent months, they were introduced in Rajasthan, Jammu &

Kashmir, Orissa, Himachal Pradesh, Jharkhand, West Bengal and Chhattisgarh.

In April 2011, RCOM rolled out its 3G services in 24 locations in the Northeast circle, making it the first operator to do so. The services were initially launched in Guwahati and Shillong, and will be followed by launches in 15 locations in Assam and in nine others in the Northeast by end-May 2011.

The company has planned an investment of Rs 5 billion to improve the quality of the network and services.

RCOM's rapid launch of 3G services is an integral part of its Vision 2015, which aims to create a wire-free India built on affordable 3G services.

The company's 3G network has been designed to offer complete coverage in every town being connected on 3G, with all 3G sites connected through internet protocol backhaul to provide maximum download speeds and minimum latency.

The company, which had first triggered a price war in the voice telephony segment, made it clear that though it aimed to make 3G services affordable for the end-user, its prices would remain market driven. The data plans for prepaid and post-paid users start from Rs 100. For the convenience of customers, the 3G service plan comes with a bundled tariff that includes data, voice downloads and video calls as well as data-only plans.

The prepaid bundles include 200 MB of data downloads for Rs 299 and 500 MB of data for Rs 699 with a one-month validity, while post-paid bundles start from 50 MB of data for Rs 199 and go up to 5 GB of data downloads for Rs 2,499 per month. In addition, small validity data packs, such as 25 MB of data downloads for Rs 20 in a day and 125 MB of data for Rs 98 in a week, have also been introduced.

RCOM, which paid Rs 85.85 billion in the 3G auctions, intends to invest heavily in the service. In March 2011, the operator completed the procedure for obtaining a $1.93 billion loan from the China Development Bank to part-finance its 3G spectrum and equipment purchase costs. The

operator has already received the first tranche worth $665 million from the bank and is planning to use it for 3G services.

Bharti airtel

Bharti airtel made its 3G debut in the Karnataka circle on January 24, 2011. Following this, the operator launched the service in major cities of Tamil Nadu and Rajasthan. In March 2011, the company made a foray into the lucrative metro circles of Delhi and Mumbai. Announcing its 3G launch in Delhi, Atul Bindal, president, mobile services, Bharti airtel, noted that within a month of its rollout, the company's 3G network had covered around half a million customers and set up 4,500 cell sites. Currently, airtel's 3G service is available in 33 cities and towns across India.

The operator believes that 3G will entail not just a technology migration but a transformational shift, and is, therefore, focused on building a robust 3G ecosystem that offers its customers a complete and enriched user experience on the back of a strong delivery network.

Bharti's 3G tariff plans are personalised according to usage and are easy to understand. They come in two categories – time-based plans for light data users (where the usage and billing are done on an hourly basis), and flexi-shield plans for heavy data users (where usage and billing are capped by data limit).

Since the launch of its 3G services, the operator has gained a substantial user base. "We have acquired 500,000-600,000 3G subscribers. We are witnessing good data usage of over 1 terabyte per day from each city," noted Bindal while launching the 3G service in Mumbai in March 2011.

Going forward, Bharti is hopeful that the ARPU figures will firm up with 3G since conventional voice service rates have plummeted on account of competition. Though not quoting the exact figures, Bharti has claimed that it has invested the largest amount of funds in 3G services in India among all operators.

Aircel

Having significantly increased its footprint across the country in 2010, Aircel continued its growth momentum by announcing the launch of its 3G services in February 2011. Beginning with the Chennai and Tamil Nadu circles, the operator moved on to roll out 3G in Kochi, Chennai, Hyderabad, Kerala and Srinagar in early March 2011. The company has since expanded its 3G footprint to the Punjab and Orissa circles. In Punjab, it initially launched services in 31 cities and plans to set up about 1,000 cell cites in the state to enhance its 2G and 3G networks.

Gurdeep Singh, chief operating officer of Aircel, states, “The launch of 3G services will address the high speed digital needs of consumers, thereby unleashing the power of the internet further.”

The operator has built its data plans to offer consumers the 3G experience in an affordable price range, with the base price set at Re 0.03 per 10 kB. The company has also designed innovative bundled plans for different consumer segments such as students, executives and heavy data users. According to the operator, it currently has 55 million subscribers, of which around 400,000 are 3G subscribers.

Over the next five years, Aircel aims to cover 35 per cent of its users with 3G services. Outlining the company’s road map, Singh says, “We will be investing $500 million on 3G during the first year of service launch. Initially, we will target the top 10 cities of each circle where we operate.” In the next three years, Aircel intends to spend $3 billion on deploying infrastructure across the 13 telecom circles where it holds spectrum licences.

Vodafone Essar

After rallying considerable public interest through a series of teaser ads featuring its popular ad creation, the ZooZoos, during the ICC World Cup, Vodafone Essar, the country’s second largest GSM operator, launched 3G services in March 2011. The “faster, smarter, better Vodafone 3G” (as the tagline goes) is being rolled out in a phased manner in all the circles where Vodafone has won licences.

Though Vodafone has been a late entrant into the 3G arena, it was clear all along that it would launch the service only when it was ready with a quality customer experience. On the tariff front too, Vodafone is moving slowly and is yet to announce its 3G plans. Meanwhile, realising that handset costs are a key factor in the adoption of 3G services, the company is selling bundled 3G handsets of its own make, starting at Rs 3,500.

For Vodafone Essar, 3G is a big deal. Compared to its rivals, it has a larger proportion of high-ARPU users where 3G uptake is expected to be better. Besides, the operator's vast global experience makes the 3G proposition even more exciting.

Idea Cellular

Idea announced the launch of 3G services in the Madhya Pradesh and Chhattisgarh, Gujarat, and Himachal Pradesh circles on March 28, 2011. Alongside the launch, Idea unveiled a new 3G logo and introduced the new branding across India. Speaking about the company's 3G rollout road map, Ambrish Jain, director, operations, Idea Cellular, said, "Beginning with Madhya Pradesh and Chhattisgarh, Gujarat and Himachal Pradesh, Idea's 3G services will expand in a progressive manner to provide expansive coverage across 4,000 towns by end-2011."

Early April 2011, Idea Cellular rolled out 3G services in Uttar Pradesh (West), six towns in Uttar Pradesh East (Lucknow, Kanpur, Allahabad, Jhansi, Sitapur and Azamgarh), and 14 towns in the Andhra Pradesh circle (including Hyderabad, Vijayawada and Visakhapatnam). As of end-April, 2011, the operator's 3G services cover over 400 cities, overachieving its target of covering 200 cities and towns by mid-April.

In order to acquaint users with the 3G experience, Idea has set up "experience kiosks". It has introduced a time-based billing plan for 3G services, thereby enabling users to avail of high-end data services without worrying about the volume of usage. Idea's efforts have clearly been fruitful, as within the first month of the service launch, it had enrolled 1 million 3G users.

Going forward, the company plans to add 10 towns a day in the next one year with the aim of covering 3,700 towns by March 31, 2012. Its 3G services will grow progressively to cover 750 towns by mid-2011, and 4,000 towns by the end of fiscal year 2011-12.

Idea has already invested Rs 100 billion (including Rs 5.8 billion as auction fees) in rolling out 3G services. It plans to invest a further Rs 42 billion in its 3G network infrastructure, which would include erecting around 16,000 towers by March 2012.

Other operators

Most of the spectrum winners are looking to fully launch services by end-2011. S Tel remains the only 3G licensee that has not launched services yet. The operator intends to roll out services in end-2011 or early 2012.

Meanwhile, state-owned operators Mahanagar Telephone Nigam Limited (MTNL) and Bharat Sanchar Nigam Limited (BSNL), which were granted 3G spectrum in 2008 itself, launched their services early on.

MTNL was the first Indian operator to launch 3G services, starting with the Delhi circle in December 2008. It initially invested Rs 4 billion in the circle. In May 2009, it extended its 3G reach to Mumbai with a total investment of Rs 2.5 billion. MTNL offers competitive data plans like free data usage of 50 MB for Rs 90 under its 3G Jadoo campaign. In March 2011, the operator also launched unlimited data download plans.

BSNL made its 3G debut in March 2009, launching services simultaneously in 12 cities – Agra, Ambala, Jalandhar, Jaipur, Dehradun, Shimla, Lucknow, Ranchi, Durgapur, Haldia, Patna and Jammu. Currently, the operator has a 3G presence in 20 circles, covering 750 towns. In March 2010, Kuldip Goyal, managing director, BSNL, said, “We have achieved a new benchmark in terms of 3G subscribers across India. BSNL has recently crossed the 1 million mark in terms of the number of subscribers.”

In March 2011, BSNL announced plans to upgrade its 3G network to enhance the data speed by three times to compete with private players in the 3G space. As part of the revamp plan, the current 3.6 Mbps network will be upgraded to a 14 Mbps network.

The way forward

Since none of the operators has been successful in winning a pan-Indian licence, they are now looking to enter into roaming agreements with each other to offer users a seamless 3G experience while on the move. Bharti airtel, Vodafone Essar and Idea Cellular are reportedly close to signing roaming agreements that will allow users to access 3G services across the country. BSNL, which has a pan-Indian 3G licence, has been keen to enter into roaming tie-ups with private operators. However, it has not been successful as yet. Other operators such as RCOM, TTSL, MTNL and Aircel are also planning similar arrangements.

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