

Critical Infrastructure

On the current scenario of the telecom towers market vis-à-vis the global market

The telecom towers market in India is growing at a very fast pace and this business model has emerged as a winner in the Indian telecom industry as most of the telecom operators have lived off their passive infrastructure sharing business and the new operators are banking upon this model to roll-out their operations in time without investing too much in terms of time and capex.

At present, there are around 237,000 towers in India. Every year around 100,000 towers are added. As per estimates of some leading analysts, India will have close to 675 million subscribers by end of 2011 which will need approximately 1,90,000 new towers.

On the factors driving the growth of the Indian telecom towers market

India is world's fastest growing mobile market, ranking second at present. If we look at subscriber additions in Q1 '09, an average of 15 million subscribers have been added every month. This stupendous growth in subscribers and falling average revenue per user (ARPU) have been the major growth driver for telecom industry translating into a growth of the telecom tower market.

DoT has issued licenses to many new operators such as United Telecom, Etisalat-Spree, Loop Telecom, S Tel, and others. These operators would need large number of towers to support their roll out plans. In addition, the government is planning to allot licenses for 3G and WiMAX, which will again add to total requirement for the towers.

On the technical trends in the telecom towers market

Technical trends in the present mar-



ket are:

- Today's approach is to build a cell site which is modular and scalable to absorb increase in tenancy.
- Tower Tube is the latest concept recently brought in by Ericsson which is yet to gain acceptability in terms of commercial and hence, leading to mass production.
- Deployment of high efficiency power systems and the batteries based on ionic exchange is on the upswing.

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Prabal Ghosal

CEO, Quippo Telecom Infrastructure Limited



- Increasing use of technology which facilitates speedy change in a shorter time frame.

How is the slowdown affecting the market?

The telecom infrastructure sector has defied the global financial crisis. In fact the present scenario is conducive to the growth of this market as the liquidity-crisis crunch has led to the increase in the demand for tower sharing.

On the future outlook

The increase in subscriber base, reduced margins, and current economic climate has led to a favorable environment for the growth of this sector. However, with the demand of the towers rising, the demand and supply ratio may tip unfavorably and may lead to consolidations in the industry with a few but strong players. This will also lead to increased competitive activity or maturing of the industry. The tower companies will have to develop new business models and move to active infrastructure sharing. Technological changes like the movement towards higher share of outdoor BTS, high gain antennas, etc., could significantly impact the market dynamics. Also, the 3G and WiMAX rollout is expected to increase tenancy. However, 3G forecast is expected to reduce 3G BTS demand as well. ■