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COVID-19 impact | Broadband subscribers reach 735 million as India works and studies from home

As India Inc continues to work from home to tackle the COVID-19 pandemic, the demand for data consumption has risen.

The same is reflected in the Telecom Regulatory Authority's (TRAI's) subscription report. There were 687 million broadband subscribers in the country at the end of March 2020.

As per the latest data furnished by TRAI, the broadband subscriber base has risen to 735 million at the end of October 2020 indicating a 7 percent increase in the subscriber base in 6 months since the onset of the pandemic.

The telecom analysts are of the opinion that the growing broadband subscriber base has received an impetus due to the e-learning needs, the prevailing condition of work from home and the increased online content watching habit.

Bhupendra Tiwary, Research Analyst, ICICI Direct said, "The COVID-19 pandemic expedited the data consumption as a result of increased e-learning needs, work from home culture and the increased use of OTT platforms. All these factors together led to an increased pent up demand for data consumption among the broadband subscribers."

"Hence during the pandemic period there was a higher broadband penetration," he added.

Commenting on the outlook, he said, "The broadband subscribers will continue to grow albeit at a slightly slower pace than what was seen immediately post lockdown."

"Of the total broadband subscribers, it were the wired broadband space that received the impetus due to the COVID-19 pandemic. While there was a spike in demand for wireline broadband due to work from home, e-learning needs and increased use of the OTT platforms, the wireless broadband subscriber base had already been witnessing a surge in its base," said Ankit Jain, Assistant Vice President, ICRA Ltd.

"Moreover the increase in the wireless broadband base has been on account of a healthy conversion of the 2G/3G subscribers to 4G subscribers", he added.

Commenting on the outlook, Jain said, "Wireless broadband subscribers are expected to continue to grow going forward."

Kunal Vora, Senior Telecom Analyst, BNP Paribas India, said, "Rising adoption of mobile broadband is a structural trend and this trend got a boost due to the pandemic. There is still a large number of customers yet to migrate from 2G to 4G and this should result in further growth in broadband subscriber base in the medium term though the pace could vary from quarter to quarter."

"The need for e-learning and work from home norm during COVID-19 period has definitely supported the growth in broadband subscriber base. However it is important to note that the double-digit growth in broadband subscriber base was seen even before the outbreak of pandemic. This is primarily because the incumbent telcos are in the process of upgrading the networks of their subscribers to 4G and are engaged in spectrum reframing so as to push their Average Revenue Per User (ARPU) levels which will help them sustain their business operations," said Bhagyashree Bhati, Dy. Manager, Industry Research, CARE Ratings.

"The subscribers are unlikely to wither away post COVID-19 given the advantages or benefits the data services provide and the addiction to these services to an extent," Bhati added.

Prashant Singhal, EY Emerging Markets Technology, Media & Entertainment, and Telecommunications (TMT) Sector Leader said, "With the pandemic in force, India's digital adoption has vaulted 4-5 years into the future. Digital infrastructure has replaced physical dependencies and the fulfilment of daily lives of Indians has moved online. Data usage increased by 25%-30% as people staying indoors connected virtually to stream content, buy essentials, e-learn, tele-consult, play games, make payments, social network, and use remote applications to work from home. There is an increased optimism towards a more digital way of life, and numbers corroborate this trend."

"In fact, time spent on smartphones jumped nearly 25% to clock 6.9 hours per user per day. What we're seeing is a massive shift towards digital – and is likely to have lasting impact especially in the areas of digital platforms adoption, online gaming and e-learning. At 735m users in Oct'20, nearly 10% annual growth in broadband subscribers underscores the power of broadband in connecting the unconnected and shaping India's digital journey. Going forward the demand for high-speed broadband will only spiral and continue to enable lives of Indians," he added.