

# Covid<sup>19</sup> corollaries

April 27, 2020

## Lockdown lift for fixed broadband

The Covid-19 driven lockdown has come as a Godsend to the fixed broadband sector, which has been stagnating with subscribers at 18-19 million since 2016 because of the intense price war in the mobile telephony space.

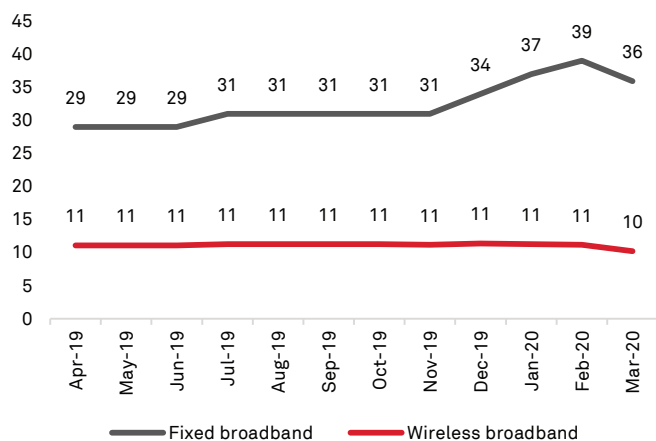
Although 4G affords lower speeds than fixed broadband, it served the purpose all this while, especially with increasing affordability of smartphones.

But now, subscriptions to fixed broadband, especially in the urban areas, have surged because millions are working from home. Consequently, data usage has darted up 25-30% since the lockdown began on March 25, 2020. This spike in consumption, however, has led to slower data speeds.

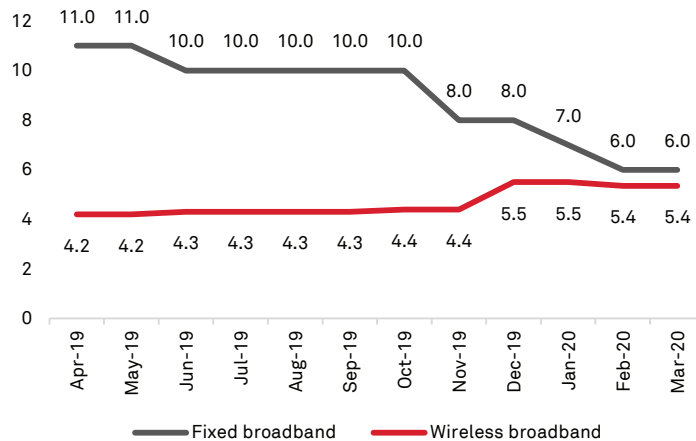
In the medium term, we expect mobile tariffs to be hiked. That will help sustain some of the uptick in fixed broadband usage because its price differential with mobile data will reduce.

At 6%, fixed broadband penetration in India is among the lowest in the world, compared with 55% in China, 70% in Eurozone and 80% in Japan.

Average speed drops in March as usage spikes (mbps)



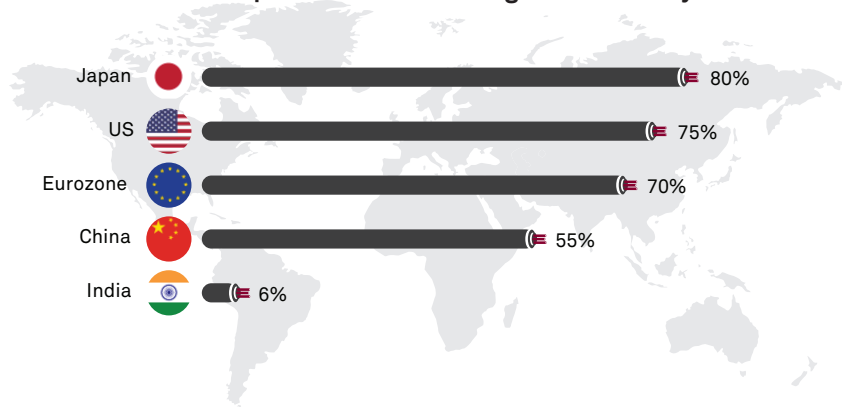
Price differential converging (Rs per gb)



Source: Ookla, TRAI, Industry, CRISIL Research

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## Fixed broadband adoption in India is among the lowest anywhere



Source: TRAI, Industry, CRISIL Research