

GROWTH AND DEVELOPMENT OF TELECOM SECTOR IN INDIA – AN OVERVIEW

J.Jasmine Bhastina¹, Dr.(Mrs).J.Mahamayi²

¹Assistant Professor of Commerce, Sri Kaliswari College (Autonomous), Sivakasi, Tamilnadu, India

²Assistant Professor of Commerce, V.V.Vanniaperumal College for Women, Virudhunagar, Tamilnadu, India

Abstract:

The Telecommunications Industry of India is one of the vast and leading industries in the world connecting different parts of the country through various modes like telephone, radio, television, satellite and internet. The Telecom Regulatory Authority of India governs this industry by providing a regulatory framework and favourable environment for its efficient operation. The Indian telecom industry stands as the second- largest in the world due to its rapid advancement and is in cut -throat competition with the telecom industries of the other developed countries. The telecommunication services offered by this industry are easily accessible at affordable prices to the customers of urban and rural areas of India. India's telecom network encompasses a highly developed and unique technology in the world. In this research paper, main emphasis has been placed to bring to light the history and development of telecommunication sector in India. Data has been collected from multiple sources including books, journals, websites, newspapers etc. The paper describes the current scenario of Indian telecom sector.

Keyword: Telecommunication, Subscriber, Teledensity, Service Provider

Introduction:

The Indian Telecom Industry is considered to be a vital tool for the development of the country on the whole by contributing towards the immense growth, quick expansion and upgradation of various sectors of the nation. This industry increases the GDP of India, earns profit for the Indian Government and creates employment opportunities for a great number of people. The Indian Telecom Industry is very huge consisting of companies that make hardware and also produce software. Presently, it contributes to a revenue of USD 33, 500 million . Along with the Government owned telecom units, the Indian Telecom market has also attracted many private operators to enter here who started offering their telecom services as fixed communication, mobile communication and data services to the customers at the most reasonable prices(see Table IV). The Government of India has adopted several measures to provide a business friendly environment for companies in the Indian Telecom market while competing with each other. Due to the rapid advancement in technologies, the telecom operators of India are working actively in order to adapt themselves to the changing technology to continue existing in the market. The Indian Telecom Industry has grown tremendously during the past few years owing to the unprecedented growth of wireless telephony in India and infrastructure which not only is beneficial for the telecom industry but has positive effects on the entire economy of India. The industry has the world's third highest number of internet users. The Indian Telecom Industry has undergone a considerable transformation from being a Government owned enterprise to that of a competitive environment after its liberalization in 1991. The rapid escalation in the telecom sector of India has been made possible due to the active participation of private service providers, revenue generated through Foreign Direct Investment (FDI), series of reforms instigated by the Government and through the adoption of latest technologies.

Objectives:

1. To identify the present trends in the Indian Telecom Industry and its growth.
2. To study the future growth opportunities in the Indian Telecom Industry.
3. To know the service provider wise subscriber base.
4. To know the leading mobile service provider in terms of number of subscribers.

Methodology:

The present study is based on secondary data obtained from the Telecom Regulatory Authority of India (TRAI), the reports from Government of India and other sources. Different telecom magazines, newspapers and journals were consulted for gathering of information. Information was also collected by holding discussions and interviews with knowledgeable persons employed at different levels in various telecom companies of India. In order to achieve the objectives of the study, year - wise annual growth of the industry in its various segments, percentage share of different service providers per year were calculated

Growth and Development of Telecommunication in India

The Indian Telecom Industry comprises of various segments that are an indicator of its growth and development. It is broadly divided into two segments, Fixed Communication and Mobile Communication. The Wireless Communication is the fastest growing segment of the Indian Telecom Industry. Through the development of wireless communication, it has become easier to transmit information between two or more points that cannot be connected by an electrical conductor. The wireless technologies being employed presently by the Indian Telecom Industry are Cellular (mobile) phones, Television, Radio etc. The private telecom operators now dominate the wireless market. However, this was not the case in the beginning. The changes in the market structure were mainly due to the changes in the National Telecom Policy of 1999. The Government of India is providing benefits to private players to grow in this sector. Mobile phone communication is one of the best known examples of wireless technology and is also known as cellular phone communication. The major operators in the wireless field are Bharti Airtel, Vodafone, Reliance Communications, Idea Cellular, Tata Indicom and BSNL/MTNL. The Wireline Communication focuses mainly on landlines. Fixed telephones are facing stiff competition from mobile phones. The fixed telephones network quality has presently improved a lot and these phones are now available even in high density urban areas on demand. The public telecom operators like BSNL and MTNL dominate the wireline market followed by the private operators.

Growth of Subscriber base (in million) from 2007 to 2016

Financial Year	Wireless	Trend	Wireline	Trend	Total	Trend
2006-2007	165.11	233.03	40.75	40.96	205.86	273.99
2007-2008	261.07	334.04	39.42	39.22	300.49	373.26
2008-2009	391.76	435.04	37.96	37.48	429.72	472.53
2009-2010	584.32	536.05	36.96	35.74	621.28	571.80
2010-2011	811.59	637.06	34.73	34.00	846.32	671.06
2011-2012	919.17	738.06	32.17	32.27	951.34	770.33
2012-2013	867.80	839.07	30.21	30.53	898.01	869.60
2013-2014	904.51	940.07	28.50	28.79	933.01	968.87
2014-2015	969.89	1041.08	26.59	27.05	996.49	1068.13
2015-2016	1033.63	1142.09	25.22	25.31	1058.86	1167.40
2016-17		1243.09		23.57		1266.67
2017-18		1344.10		21.83		1365.94
2018-19		1445.11		20.09		1465.20
2019-20		1546.11		18.35		1564.47

Source: TRAI Annual Reports from 2012- 2015, Press Releases of TRAI

Growth of Teledensity (%) from 2007-2016

Financial Year	Wireless	Wireline	Total
2006-2007	14.61	3.61	18.22
2007-2008	22.78	3.44	26.22
2008-2009	33.71	3.27	36.98
2009-2010	49.6	3.14	52.74
2010-2011	67.98	2.91	70.89
2011-2012	76	2.66	78.66
2012-2013	70.85	2.47	73.32
2013-2014	72.94	2.3	75.23
2014-2015	77.27	2.12	79.38
2015-2016	81.38	1.98	83.36

Source: TRAI Annual Reports from 2012- 2015, Press Releases of TRAI

Service provider wise Subscribers base (in million) from 2007 to 2016

Service Providers	Financial Year (in millions)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bharathi	37.14	61.98	93.92	127.62	162.20	181.28	188.20	205.39	226.02	252.21
Vodafone	26.44	44.13	68.77	100.86	134.57	150.47	152.35	166.56	183.80	197.99
Idea	14.01	24.00	43.02	63.82	89.50	112.72	121.61	135.79	157.81	174.69
Reliance	28.01	45.79	72.67	102.42	135.72	153.05	122.97	110.89	109.47	102.52
Bsnl	30.99	40.79	52.14	69.45	91.83	98.51	101.21	94.65	77.22	101.11
Aircel	5.51	10.61	18.48	36.86	54.84	62.57	60.07	70.15	81.40	87.66
Tata	16.02	24.33	35.12	65.94	89.14	81.75	66.42	63.00	66.32	59.70
Telenor	0.00	0.00	0.00	0.00	0.00	0.00	31.68	35.61	45.62	52.43
Sistema	0.00	0.00	0.39	3.78	10.06	15.80	11.91	9.04	8.86	7.65
Videocon	0.00	0.00	0.00	0.03	7.11	5.95	2.01	4.99	7.13	5.15
MTNL	2.94	3.53	4.48	5.09	5.47	5.83	5.00	3.37	3.51	3.57
Loop	0.00	0.00	2.16	2.84	3.09	3.27	3.01	2.90	0.00	0.00
Quadrant	0.00	0.00	0.00	0.00	0.00	0.00	1.37	2.17	2.73	3.19
Etisalat	0.00	0.00	0.00	0.00	0.97	0.782	0.00	0.00	0.00	0.00
S Tel	0.00	0.00	0.00	1.01	2.82	3.43	0.00	0.00	0.00	0.00
HFCL	0.15	0.30	0.60	0.33	1.47	1.33	0.00	0.00	0.00	0.00
Unitech	0.00	0.00	0.00	4.26	22.79	42.43	0.00	0.00	0.00	0.00
BPL	1.07	1.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Spice	2.73	4.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shyam	0.10	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	165.11	261.07	391.76	584.32	811.59	919.17	867.80	904.51	969.89	1033.63

Source: TRAI Annual Reports from 2012- 2015, Press Releases of TRAI

Findings

1. The number of telephone subscribers in India increased from 1,051.88 million at the end of Feb- 16 to 1,058.86 million at the end of Mar-16, thereby showing a monthly growth rate of 0.66%.
2. Total wireless subscriber base increased from 1,026.66 million at the end of Feb-16 to 1,033.63 million at the end of Mar-16, thereby registering a monthly growth rate of 0.68%.
3. Out of the total wireless subscriber base (1,033.63 million), 936.46 million wireless subscribers were active on the date of peak VLR in the month of Mar-16. The proportion of active wireless subscribers was approximately 90.60% of the total wireless subscriber base.
4. The overall Tele-density in India increased from 82.89 at the end of Feb-16 to 83.36 at the end of Mar- 16.
5. The Wireless Tele-density in India increased from 80.91 at the end of Feb-16 to 81.38 at the end of Mar-16.
6. There has been a continuous rising trend in the total number of telephone subscribers year by year. Especially the wireless subscriber base trend increased from 1142.09 million at the end of Mar-16 to 1546.11 million at the end of Mar-2020..
7. The private service providers namely Bharti Airtel, Vodafone, Idea, Reliance Communications and Tata Indicom secured 1st, 2nd, 3rd, 4th and 5th rank respectively according to their market share at the end of March'16.

Conclusion

It can be concluded that the telecom industry in India has witnessed a phenomenal and manifold growth over the recent years. Over the years, the wireline market share has declined due to an increased demand for wireless phones by subscribers. The cellular segment is playing an important role in the industry by making itself available in the rural and semi urban areas where teledensity is the lowest. In the country, personalized telecom access has become an essential necessity of life for a growing number of people. The telecom sector in India holds unlimited potential talking of future growth.

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