



Recent Trends in Telecommunication Sector in India

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Abstract:

In fewer than twenty years, mobile phones have gone from being rare and expensive pieces of equipment used by businesses to a pervasive low-cost personal item. In the era of information explosion, people are to be provided with quick and timely access to information. Indian Telecom industry is one of the fastest growing telecom markets in the world. In earlier day the mobile phone being viewed as an expensive luxury only affordable to the power and rich. Today, not only in all urban areas, also in smaller towns and remote rural farms, the mobile phone has become a common, affordable, and convenient communication device. Reduction in the tariff has made affordable to all and increased its uses significantly. In telecom industry, service providers are the main drivers; whereas equipment manufacturers are witnessing growth. In this light, the present study deals with current trends in telecommunication industry.

Keywords: Recent trends, Telecommunication

1. Introduction of Telecommunication Sector

Telecommunications connectivity plays an integral role in the overall development of any nation. Recent estimates put the mobile subscriber base in India at about 900 million. However, this figure is misleading since it does not report the number of active mobile subscribers. Many consumers disconnect old numbers and others have more than one phone. Looking at it from a more realistic perspective, the actual number of people having a mobile phone is about 600 million. This implies that despite exponential growth in the use of cell phones over the past few years, only half of the Indian population has a phone. Consequently, India is the fastest growing wireless market in the world after China.

2. Objectives of the Study

1. To know the current trend in telecommunication industry in India.
2. To find the present market share of various companies.
3. To analyse the F.D.I. flows in telecommunication industry in India.

3. Research Methodology

It includes research design, sampling framework, methods of data collection, framework of analysis and limitations

4. Collection of the Data

The secondary data are used in the present study. The secondary data for telecommunication of the country were collected from various issues of telecom sectors of India.

5. Limitations of the Study

1. Only secondary data is used
2. Study is conducted for the limited period
3. In communication only telecom is covered and the rest means of communication is not included.

6. Current Scenario**Table 1: Circle wise overall Tele- density October**

All India	77.07
Assam	50.71
Bihar	48.33
Madhya Pradesh	57.52
J&K	70.97
UP	57.86
Odisha	63.93
North East	72.72
Rajasthan	76.51
Andhra Pradesh	81.53
West Bengal	73.81
Haryana	80.79
Gujarat	93.56
Maharashtra	92.43
Karnataka	94.56
Kerala	96.29
Punjab	103.88
Himachal Pradesh	110.24
Tamil Nadu	115.16
Delhi	233.42

In Indian telecom sector the number of telephone subscribers in India increased from 957.61 million at the end of September, 2014 to 962.63 million at the end of October, 2014, thereby showing a monthly growth rate of 0.52%. The urban subscription increased from 569.56 million at the end of September, 2014 to 570.58 million at the end of October, 2014 and the rural subscription increased from 388.05 million to 392.05 million during the same period. The monthly growth rates of urban and rural subscription were 0.18% and 1.03% respectively.

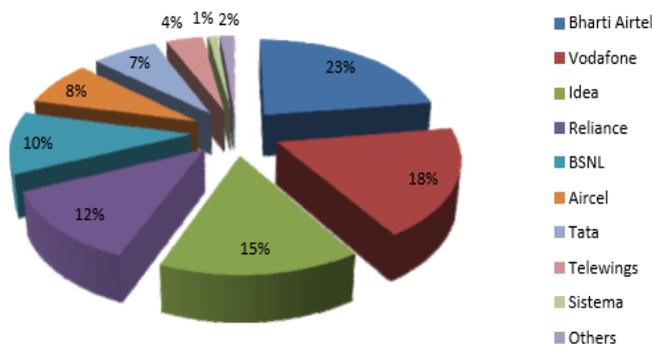
The overall Tele-density in India increased from 76.75 at the end of September, 2014 to 77.07 at the end of October, 2014. The Urban Tele-density increased from 148.07 to 148.10 and Rural Tele-density increased from 44.96 to 45.39 in the month of October 2014. The shares of urban subscribers and rural subscribers at the end of October, 2014 were 59.27% and 40.73% respectively. Total wireless subscriber base increased from 930.20 million at the end of September, 2014 to 935.35 million at the end of October, 2014, thereby registering a monthly growth rate of 0.55%. Wireless subscription in urban areas increased from 547.70 million at the end of September, 2014 to 548.78 million at the end of October, 2014. The wireless subscription in rural areas increased from 382.50 million to 386.57 million during the same period. The monthly growth rates of urban and rural wireless subscription were 0.20% and 1.06% respectively. The Wireless Tele-density in India increased from 74.55 at the end of September, 2014 to 74.89 at the end of October, 2014. The Urban Wireless Tele-density increased from 142.39 to 142.44 and Rural Wireless Tele-density increased from 44.32 to 44.76 in the month of October, 2014. The shares of urban and rural wireless subscribers were 58.67% and 41.33% respectively at the end of October, 2014. India saw the fastest growth in new mobile-phone

connections with 18 million net additions in the third quarter of 2014, according to a report by Swedish mobile network equipment maker Ericsson. The number of smart phones, which account for just 37 per cent of all mobile-phone subscriptions, will reach 2,700 million by 2014, and growing at 15 per cent compounded annual growth rate, will cross 6,100 by 2020. The falling cost of handsets, coupled with improved usability and increasing network coverage, are factors that are making mobile technology a popular phenomenon in the country. The broadband services user-base in India is expected to grow to 250 million connections by 2017, according to GSMA. It also expects to see increased mobile broadband penetration in India, with over 250 million on either 3G /4G by 2017. Composition of telephone subscribers in India -The wireless segment (96.9 per cent of total telephone subscriptions) dominates the market, while the wireline segment accounts for the rest.^[1]

7. Market Players

As on 31st October, 2014, the private access service providers held 90.55% market share of the wireless subscribers whereas BSNL and MTNL, the two PSU access service providers, held only 9.45% market share. Wireline subscriber base declined from 27.41 million at the end of September, 2014 to 27.28 million at the end of October, 2014. Net reduction in the wireline subscriber base was 0.12 million at the monthly decline rate of 0.45%. The share of urban and rural subscribers in total wireline subscribers were 79.90% and 20.10% respectively at the end of October, 2014. The Overall Wireline Tele-density decreased from 2.20 in September, 2014 to 2.18 in October, 2014, with Urban Wireline Tele-density and Rural Wireline Tele-density being 5.66 and 0.64 respectively. BSNL and MTNL, the two PSU access service providers, held 76.06% of the wireline market share. Wireless market share in terms of total subscribers in India -Bharti Airtel is the market leader, with a 22.7 per cent share of total subscription, followed by Vodafone (18.4 per cent share).^[1]

Wireless market share in terms of total subscribers in India



Foreign Participation

India has opened its telecom sector to foreign investors up to 100 percent holding in manufacturing of telecom equipment, internet services, and infrastructure providers (e-mail and voice mail), 74 percent in radio-paging services, internet (international gateways) and 49 percent in national long distance, basic telephone, cellular mobile, and other value added services (FICCI, 2003). Since 1991, foreign direct investment (FDI) in the telecom sector is second only to power and oil - 858 FDI proposals were received during 1991-

2002 totaling Rs. 56,279 crores (DoT Annual Report, 2002). Foreign investors have been active participants in telecom reforms even though there was some frustration due to initial dithering by the government. Until now, most of the FDI has come in the cellular mobile sector partly due to the fact that there have been more cellular mobile operators than fixed service operators. For instance, during the period 1991-2001, about 44 percent of the FDI was in cellular mobile and about 8 percent in basic service segment. This total FDI includes the categories of manufacturing and consultancy and holding companies.^[4]

Table 2. F.D.I. Equity Inflows in Telecommunication Sector

Sl No	Financial Year (Apr-Mar)	FDI (Rs crore)	FDI (US\$ million)
1	2000-01	784.16	177.69
2	2001-02	3,938.46	873.23
3	2002-03	907.73	191.60
4	2003-04	397.84	86.49
5	2004-05	541.10	118.33
6	2005-06	2,751.45	617.98
7	2006-07	2,149.58	476.51
8	2007-08	5,099.56	1,260.70
9	2008-09	11,684.81	2,548.63
10	2009-10	12,269.66	2,539.26
11	2010-11	7,542.04	1,664.50
12	2011-12	9,011.53	1,997.24
13	2012-13	1,654.30	303.87
14	2013-14	7,987.28	1,306.95
15	2014-15 (Apr-Aug)	13,901.69	2,336.08
Grand Total		80,621.20	16,499.09

Note: Amount includes the Inflows received through SIA/FIPB route, acquisition of existing shares and RBI's automatic route only.

(Source <http://www.dot.gov.in>)

Above Table indicates that there is increased flow in the year 2001-02 but afterwards decrease trend upto the year 2004-05, then after increased trends can be observed but in the year 2014-15(Apr-Aug) there is drastic increase near about two times.

Table 3. F.D.I. Equity Inflows Sector Wise

S.No	Sector	Amount of FDI Inflows		%age of Total Inflows
		(In Rs crore)	(In US\$ million)	
TELECOMMUNICATIONS				
1.	TELECOMMUNICATIONS	28,679.19	5,840.16	2.54
2.	RADIO PAGING	27.30	5.93	0.00
3.	CELLULAR MOBILE/BASIC TELEPHONE SERVICES	29,786.04	6,488.09	2.83
4.	OTHER (TELECOM)	22,128.66	4,164.91	1.81
	Sector Total	80,621.20	16,499.09	7.19
Grand Total of all Sectors		1,115,873.31	229,595.06	

Note: Amount includes the Inflows received through SIA/FIPB route, acquisition of existing shares and RBI's automatic route only.

(Source <http://www.dot.gov.in>)

Form the above table it can be seen that major portion of investment is in Telecommunication, Cellular Mobile/ Basic Telephone Services, and Other (Telecom).

8. Conclusion

Information technology has brought tremendous changes in the present socio-economic environment. The telecommunication services in India have increased its horizon. The craze for mobile services in India is increasing substantially. The entry of private sector in the field of communication industry has intensified the competition. Therefore, need to understand telecommunication sector emerged. The present study aims to analyse the current trend of telecommunication sector, growth and potentiality, FDI inflow.

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