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# An Overview Transition of Indian Telecom Industry

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The history of the Indian Telecom sector goes way back to 1851, when the first operational landlines were laid by The British Government in Calcutta. With independence, all foreign telecommunication companies were nationalized to form Post, Telephone and Telegraph, a monopoly run by the Government of India.

**Ministry of Communication:**
All the operations of this sector come under the control of Mock. It is responsible for all major policy changes, planning, supervision, spectrum control, etc.

**Department of Telecommunications:**
Dot was formed in 1985 when the Department of Posts and Telecommunications was separated into Department of Posts and Department of Telecommunications. Till 1986, it was the only telecom service provider in India.

**Telecom Regulatory Authority of India:**
TRAI was founded to act as an independent regulatory body supervising telecom development in India. This became important, as Dot was a regulator and a player as well. Founded by an Act of Parliament, the main functions of the body was to finalize toll rates and settle disputes between players. An independent regulator is critical at the present situation as the sector witness's competition.

**Telecommunication Services**
Today tariff for telecommunication services in India is one of the lowest in the world. The Indian consumer has immensely benefited from such lower tariffs which has also been a major factor for explosive growth in the sector. Following is the list of services offered by both GSM and CDMA operators:

**TREND IN INDIAN TELECOM INDUSTRY**
India has become one of the fastest growing mobile markets in the world. The mobile services were commercially launched in August 1995 in India. In the initial 5-6 years the average monthly subscribers additions were around 0.05 to 0.1 million only and the total mobile subscribers base in 15 December 2002 stood at 10.5 millions. However, after the number of proactive initiatives taken by regulator and licensor, the monthly mobile subscriber additions increased to around 2 million per month in the year 2003-04 and 2004-05.The total number of telephone subscribers has reached 202.74 million at the end of February 2007. The overall teledensity has increased to 18.26 in February 2007. The total wireless subscriber (GSM, CDMA & WLL (F)) base is 162.53 million. Whereas in the wire line segment with the minor reduction in subscriber base by 0.01 million lines in February 2007, the total wire line subscribers are 40.39 million.

**Indian Telecom industry (year 2009-10)**
The total number of telephone connections reaches 413.85 million in February 2009. With this growth, the overall tele-density has reached 35.65 in February 2009.as against 18.26 in February 2007.The total wireless subscribers (GSM, CDMA & WLL (F)) base stood at 391.76 million at the end of March 2009.In the wire line segment, the subscriber base has increased to 37.96 million in the month of March 2009 as against 37.73 million subscribers in February 2009 registering an increase of 0.23 million. The total number of telephone connections reaches 452.91 million at the end of May 2009. With this growth, the overall teledensity has reached 38.88 at the end of May 2009.The total wireless subscribers (GSM, CDMA & WLL (F)) base stood at 415.25 million at the end of May 2009.

**TELEDENSITY AND VILLAGE PUBLIC PHONES (VPTS)**
India's rapid population increase coupled with its progress in telecom provision has landed India's telephone network in the sixth position in the world and second in Asia (ITU). The much publicized statistic about telecom development in India is that in the last five years, the lines added for basic services is 1.5 times those added in the last five decades! The annual growth rate for basic services has been 22 percent and over 100 percent for internet and cellular services.

**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).

**TARIFF-SETTING**
An essential ingredient of the transition from a protected market to competition is the alignment of tariffs to cost-recovery prices. In basic telecom for example, pricing of the kind that prevailed in India prior to the reforms, led to a high degree of cross-subsidization and introduced inefficient decision-making by both consumers and service-providers. Traditionally, Dot tariffs cross- subsidized the costs of access (as reflected by rentals) with domestic and international long distance usage charges (Singh et. al. 1999).

**SERVICE QUALITY**
One of the main reasons for encouraging private participation in the provision of infrastructure rests on its ability to provide superior quality of service. In India, as in many developing countries, low teledensity resulted in great emphasis being laid on rapid expansion often at the cost of quality of service. One of the benefits expected from the private sector's entry into telecom is an improvement in the quality of service to international standards.

**PRE REFORM PERIOD AND TELECOMMUNICATION IN INDIA**
Before 1990's Telecommunication services in India were complete government Monopoly - the Department of Telecommunication. Government also retained the rights for manufacturing of Telecommunication equipments. MTNL and VSNL were created in the year 24 1986.

**FUTURE GROWTH OPPORTUNITIES OF INDIAN TELECOM SECTOR**
As per TRAI, two other associated aspects for market growth are availability of spectrum and availability of resources for network rollout and expansion. The government is currently looking into these two areas. The 79% hike in FDI has been cleared by the government to ensure continuous flow of investments to expand the reach of the mobile operators.

**Introduction of Marketing**
Marketing is a core function within any organization as it is responsible for reflecting customer demand back into an organization and ensuring the organization delivers its customers what they want.

**Marketing Strategy**
Marketing Strategy encompasses selecting and analyzing of the target market/s and creating and maintaining an appropriate marketing mix that satisfies the target market and the organization.

**Types of Marketing Strategies**
Going through the Value Creation and Delivery Sequence process may not bring the main objectives. There are three types of marketing strategies put forward by Michael Porter that are important to consider whenever using the value creation and delivery sequence process. They

are: Low-Cost Strategy, Differentiation Strategy, and Focus Strategy.

**Low-Cost Strategy**
A company or a SBU (Strategic Business Unit), typically large, seeks to satisfy a broad market by producing a standard product or service at a lower cost and then under pricing competitors. Such Strategy will aim at reducing the cost of producing the product or service and also cost along the supply chain of the product or service.

**Differentiation Strategy**
Through this type of strategy, an organization creates a distinctive, perhaps unique, product through its unsurpassed quality, innovative design, or some other feature and as a result, can charge a higher than average price.

**Focus Strategy**
A firm or a SBU concentrates on part of a market and tries to satisfy it with either a very low-priced or highly distinctive product. The target market is set apart by some factors as geography or specialized needs.

**Market segmentation**
For a proper market strategy, the right segmentation is very important in order to identify the right target market and positioning. Now a day a company cannot serve all customers in a market, there are numerous customers and each of them does not have the same requirement. More it is too costly and require too much of resources.

**Assessing viable Market Segment**
Segmentation is the process of dividing a market into subgroups of customers who have almost identical means and wants. Can consumer's behavior be analyzed? Are the segments accessible? Do the segments differ? Can profits be made? Is there fair competition? All these questions arise when deciding on segmenting the market.

**Marketing-Mix Strategy**
Marketing mix is originating from the single P (price) of microeconomic theory **(Chong, 2003)1**. McCarthy **(1964)2**offered the "marketing mix", often referred to as the "4Ps", as a means of translating marketing planning into practice **(Bennett, 1997)3**. Marketing mix is not a scientific theory, but merely a conceptual framework that identifies the principal decision making 45 managers make in configuring their offerings to suit consumers" needs.

**Development of Conceptual Model**
From the above study of different factors and forces, we concluded, there are different variables which are affecting the businesses and the marketing mix decisions of a company, when it goes in more expanded and integrated market.

**Explanation of Conceptual Model**
In the model we see three parts. One consists of different variables which are the result of open borders due to regionalization. We can call these variables the opportunities created due to regionalization. The other part which is influenced by these variables is the marketing mix decision of the company. When company observe the opportunities definitely it has to rethink about its marketing mix decisions to get really fruits of these opportunities so company think about its marketing mix decisions.

## REFERENCES

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