



A REPORT ON RECENT TRENDS IN INDIAN TELECOM SECTOR

Sheetal Nafde

Assistant Professor Dr. Ambedkar Institute of Management Studies and Research, Deekshabhoomi Nagpur

ABSTRACT

Telecommunication industry is one of the most emergent industries whose face has evolved very speedily in last decade. Currently India is the world's second largest telecommunication market after China and is still growing.

Mobile economy in India is increasing at a very rapid pace and has been instrumental in significantly increasing India's GDP. Indian telecommunication market is an excellent opportunity for network providers from native and exogenous Players but this sector is in its consolidation phase from the last few years. In the last 10 years, telecom has transformed from a multi-player sector (10+ Service Providers) to just 3 service providers including the public sector operator.

With the launch of Reliance Jio in 2016 the face of the industry has changed completely. The small players and the new entrants have vanished completely and the giants have been bought to their toes by Reliance Jio with the disruptive 4G product and relentless price attack.

This research paper provides an insight of the telecom sector in the year 2018 and how Reliance Jio is proving to be a benchmark for deciding the future of the industry in terms of Revenue Per User.

KEYWORDS : GDP, Telecommunication, TRAI

INTRODUCTION:

The telecommunication industry is going through a transformational phase of development – to accustom itself as per the new technological and cloud trends. The innovations and developments are taking place at a fast pace consistently at the global telecommunication market which is resulting in continual transformation of telecom industry. The awareness on the Information and Communications Technology (ICT) spreading around the world in the later part of the 20th century has been instrumental in realizing the importance of an efficient telecommunication network for the development of the economy and in the, the developing countries especially. The developing countries started making full utilisation of the technology revolution taking place around the world, with many countries liberalizing the existing rigid policies and stringent regulations.

In India also the telecom sector has flourished a lot in its initial years of setup. But from the previous few years the industry is going through turmoil.

With the launch of Billionaire Mukesh Ambani's Reliance Jio Infocomm Ltd in 2016 the face of the industry has changed completely. The small players and the new entrants have vanished completely and the giants have been bought to their toes by Reliance Jio with the disruptive 4G product and relentless price attack. It has given a big jolt to Indian telecom industry by providing free internet, free calling, 4g network supposing a serious threat to others.

Reliance Jio has emerged as a new choice and other service providers are facing a new kind of challenge and finding it difficult to cope up with new circumstances. This company is turning into a benchmark for what rival wireless carriers can earn and is turning out to be decisive company to decide the future of the telecom industry.

OBJECTIVES OF THE STUDY:

- To provide an insight of the telecom sector in 2018
- To examine the impact of Reliance Jio on the telecom sector.

METHODOLOGY:

- The present article is based on secondary data obtained from the Telecom Regulatory Authority of India (TRAI), The reports from Government of India and other sources.

Telecom sector in the year 2018

Year 2018 saw a slight positive change in industry. The subscribers

increased in March 18 as compared to December 2017 registering a growth of 1.31%. To have an overview of the telecom sector let us recap the events chronologically.

To quickly recap the sequence of events:

In January 2018 India lost 3 million active mobile connections, with Airtel, Idea, Reliance Jio and Vodafone accounting for 85% of total active mobile connections in India as per data available with TRAI.

According to a TRAI report. The gross revenue of telecom operators skidded 1.76 per cent year-on-year during the quarter ending March 2018, while licence fee and spectrum charges, that government collects from them, fell 12.7 per cent and 23.4 per cent respectively.

It was expected that some 65,000 telecom sector workers will lose their jobs due to ongoing consolidation in the sector by 31 March 2018. However the industry body is expecting some positive changes as they are of the opinion that the worst is over and companies are looking to hire in areas such as artificial intelligence and big data.

As of July 2018 the rural market became a key growth driver with telecommunication penetration being 58.45%.

As per the Telecom Regulatory Authority of India (TRAI), the total telecom wireless subscriber base in India stood at 1,166.9 million as on 31st August 2018. Of this, the subscriber base is dominated by Vodafone-Idea which together has a largest share of 37.85% that represents a subscriber base of 441.7 million wireless users.

TRAI data reveals that Indian telecom players such as Airtel, BSNL, Vodafone and Idea Cellular have lost significant number of customers in September 2018, Whereas Reliance Jio has augmented its subscriber base to 252.25 million in September 2018 from 239.23 million in August 2018.

Impact of Reliance Jio on Indian Telecom Industry

Reliance Jio perturbed the telecom industry with its free services, and has put a lot of pressure on competitors by announcing lower data plans and free voice calls and roaming starting on 1 April 2017. The share market also pays for its aggressive entry in telecom sector and RIL has jumped 13% in a week.

The figures themselves are self explanatory of the situation. Reliance Jio added 8.3 million connections, taking its connection base to 168.4 million whereas Airtel added 1.5 million connections, taking its connection base to 291.6 million. and Vodafone added 1.28

million connections, taking its connection base to 213.8 million.

Bharti Airtel lost 2.4 million subscribers in the month of October 2018, according to the data from Cellular Operators Association of India (COAI). Vodafone India and Idea merged in August have separately posted a drop of 2.6 million and 4 million, respectively, in user numbers.

In the financial year 2019 Jio's user number will reach 302 million according to the analysts. It is presumed that Bharti Airtel and Vodafone Idea may likely to report heavy losses later this month or early next month, according to an ET Poll. In contrast, Jio reported on Thursday its fifth straight profitable quarter with a 65% on-year jump to Rs831 crore in its December quarter bottom line, while operating revenue climbed 51% on-year to Rs 10,383 crore.

Reliance jio has been instrumental in revenue loss of other companies. The sharp drop in ARPUs had a negative effect on the sector's revenues, and in March 2017 the Telecom Regulatory Authority of India reported that turnover from the telecom industry (including the fixed segment) had fallen by INR100 billion between June 2016 and March 2017.

Reliance Jio has crossed its rivals Airtel and Vodafone Idea subscriber wise by adding 3.7 crore in September quarter but it has failed to impress on profitability and net earnings

However post the merger of Idea and Vodafone, the industry has consolidated into a three private players market. It seems the competition to abate only after Jio achieves its target of revenue market share equal or more than that of Bharti Airtel. The improvement of ARPU levels can be expected only in the financial year 2020, as the sector transforms into 3/4 players market.

Thus, it seems that the fight or the competitive era of the telecom sector are not showing any signs of stoppage. It is going to continue in the next year as well mostly till 2021.

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