



## The Plight of Telecommunication in India

### KEYWORDS

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**ABSTRACT** *The industrialization and information age has made the telecommunication industry expanded into diversified functionality to support the growth of technological advancement for better services demanded by any particular nation. In India, telecommunication industry is now considered to be prominent due to its contribution as a tool of technological support for the national development in line with the national aspirations. These progresses are not a dream that encapsulates with unreal events and nightmares, but they are the vision that will bring the nation to stand on his or her feet as tall as the other nations around the world. There is no doubt that telecommunication sector will be expanded further and further after the government of Indian has agreed to focus more attention on the Industry. In conclusion, Indian has not make a mistake when they invest more money in the telecommunication industry that will definitely uplift the nation into a new culture of civilization in the world and such measures are contributing to another culture of excellent.*

### Introduction

Today, the term telecommunication is used in a very broad sense to imply transfer of information over cable or wireless media. Telecommunication is the transmission of information over significant distances to communicate. In earlier times, telecommunications involved the use of visual signals, such as beacons, smoke signals, semaphore telegraphs, signal flags, and optical heliographs, or audio messages via coded drumbeats, lung-blown horns, or sent by loud whistles, for example. In the modern age of electricity and electronics, telecommunications now also includes the use of electrical devices such as telegraphs, telephones, and tele printers, the use of radio and microwave communications, as well as fiber optics and their associated electronics, plus the use of the orbiting satellites and the Internet.

The industrialization and information age has made the telecommunication industry expanded into diversified functionality to support the growth of technological advancement for better services demanded by any particular nation. In India, telecommunication industry is now considered to be prominent due to its contribution as a tool of technological support for the national development in line with the national aspirations. Hence, this paper will try to explore certain developmental features in the telecommunication industry that will portray the plight of telecommunication industry in the next coming century to "comfort" the nation as a whole through its available and possible services.

### Evolution of Telecommunication

The stage of telecommunication industry started with the first public demonstration of Morse's electric telegraph, Baltimore to Washington in 1844. In 1876 Alexander Graham Bell filed his patent application and the first telephone patent was issued to him on 7<sup>th</sup> of March. In 1913, telegraph was popular way of communication. AT&T commits to dispose its telegraph stocks and agreed to provide long distance connection to independence telephone system. In 1956, the final judgment limited the Bell System to Common Carrier Communication and Government projects but preserving the long-standing relationships between them manufacturing, researches and operating arms of the Bell System. In this judgment AT&T retained bell laboratories and Western Electric Company. This final judgment brought to a close the justice departments seven-year-old antitrust suit against AT&T and Western Electric which sought separation of the

Bell Systems Manufacturing from its operating and research functions. AT&T was still controlling the telecommunication industry. In 1982, AT&T was requested to divestiture its stock ownership in Western Electric; termination of exclusive relationship between AT&T and Western Electric; divestiture by Western Electric of its fifty percent interest in Bell Telephone Laboratories, AT&T's telecommunication research and development facility, is a jointly owned subsidiary in which AT&T and Western Electric each own 50% of the stock; separation of telephone manufacturing from provision of telephone service and the compulsory licensing of patents owned by AT&T on a non-discriminatory basis. It was telecommunication act of 1996 that true competition was allowed. The act of 1996 opened the market to all competitors. AT&T being the first telecommunication company paved the road for the telecommunication industry as well as set the policy and standards for others to follow.

### Telecommunication in India

The telecommunications sector in India has improved dramatically from the year 2000. In 1982-85, before structural reform began, the annual growth rate of telephone penetration was about 7 percent. In 1986 telecommunications services were separated from postal services and divided into three parts. Local service in Delhi and Mumbai were given to a corporatized state owned enterprise, Mahanagar Telephone Nigam Limited (MTNL), and the rest of local service plus domestic long-distance service was given to BSNL, which remained a part of the Department of Telecommunications. Subsequently, Minority interests in MTNL have been sold to private corporations, and today the government owns 56 percent. BSNL eventually was corporatized on October 1, 2000, and may be partially privatized in the next few years. Finally, Videsh Sanchar Nigam Limited (VSNL) was created as a government-owned corporation to operate international telephone service. This reorganization increased the growth in telephone lines to slightly less than 10 percent a year. The next major reform began in 1991 with the commitment to allow the private sector to provide some services, including both fixed and mobile wireless telephony. Procedures for granting private licenses were developed and implemented over several years and private operators began to enter only at the end of 1995. During this period the state-owned enterprises (SOEs) continued to be monopolies but expected entry in the future. Performance improved, with the number of lines in service more than doubling in five years. Between 1996 and 2001, private wireless carriers offering both fixed

and mobile service entered the industry, and the SOEs faced competition for the first time. Wireless services grew slowly during this period. By 2001 fixed wireless accounted for only 3 percent of lines, and mobile telephony accounted for about 10 percent, while the SOEs roughly tripled their number of lines in service and thus accounted for about 80 percent of the growth in penetration.

### Telecommunication Industry Development of Global Level

The developments of telecommunication industry and its technological infrastructure throughout the world have influenced the robust evolution of information industry. Thus, such phenomenon has contributed to the introduction of various newly sophisticated related technologies. In fact, telecommunication and information industries are very best described as "twin technology". In general, most people relate that telecommunication industry is a catalyst and the backbone for better services of broadcasting and communication services. Nowadays, especially in the most sophisticated information age, the industry also bears responsibility to create global information societies throughout the world via integrated technological network.

The positive development of this industry does not only rely heavily on its services but it is also a demanded business due to its high profit to generate revenue. To some countries, including India, this industry will support to improve the economy besides other salient features such as its nature of environment friendly. From the existing telecommunication network, many countries have utilized such infrastructure effectively to comfort and upgrade the living standard of their nations and enhance other industries such as broadcasting and communication to a better scenario. In the United States, 95% household has television, 1/3 of the American has computer and 1/5 of them would communicate by utilizing telephone services (conventional and mobile communication). In fact, in Japan, mobile communication is being utilized at optimum by the new Japanese generation. Such facility is considered to be a "must own" item. The mobile communication is very effective due to technological supports (some have been promoting digital technology) provided by many telecommunication operators in Japan. All of these scenarios have influenced other countries to give more attention to the development of telecommunication industry in their countries.

### Telecom Regulatory Authority of India (TRAI)

The independent regulator was established in 1997 and new telecom policy was announced in 1999, which further laid stress on providing an enabling framework for the develop-

ment of this sector and to facilitate India's vision of becoming an IT superpower and develop a world class telecom infrastructure in the country.

The reform measures coupled with the proactive policies of the department of telecommunications have resulted in an unprecedented growth of the telecom sector. Today, the Indian telecommunications network with about 494 million connections as on 31<sup>st</sup> August, 2009 wireless phones, India have the 2<sup>nd</sup> largest wireless network in the world. India has emerged as a major base for the telecom industry worldwide and it is the endeavor of the government to facilities further growth of this vital industry as it is not just the growth of a sector but it has 'multiplier effect' on the entire economy.

The structure and composition of telecom growth has undergone a substantial change in terms of mobile vs. fixed phones and public-private participation. The growth of wireless services has been phenomenal, with wireless subscribers growing at a compound annual growth rate (CAGR) of 61.54% per annum since April 2004 upto 31.03.2009. Today, the wireless subscribers are not only much more than the wire line subscriber in the country, but also increasing at a much faster pace. The share of wireless phones has increased from 24.3% in March 2003 to 92.44% in 31<sup>st</sup> August 2009. Improved affordability of wireless phone has made universal access objective more feasible. The liberalization efforts of the government of the government are evident in the growing share of private sector in total telephone connections which has increased to 80.98% in August 2009 from a mere 5% in 1999.

### Conclusion

These progresses are not a dream that encapsulates with unreal events and nightmares, but they are the vision that will bring the nation to stand on his or her feet as tall as the other nations around the world. There is no doubt that telecommunication sector will be expanded farther and further after the government of Indian has agreed to focus more attention on the Industry. In conclusion, Indian has not make a mistake when they invest more money in the telecommunication industry that will definitely uplift the nation into a new culture of civilization in the world and such measures are contributing to another culture of excellent.

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