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INDIA'S TELECOM INDUSTRY AN OVERVIEW

From a stagnant market dominated by a sluggish public sector, the Indian telecom market is currently the fastest growing in the world, both in terms of manufacturing and services. Read on for more on this dynamic sector.



India's telecom sector has experienced a massive upsurge in recent years, in all respects of industrial growth. From the days of a state monopoly with very limited growth, it has grown to the current level with a number of private players driving growth. This change was possible with the economic development that followed the restructuring of the economy, which made it more open to private and foreign investment. De-licensing also added an impetus to the fast growth of this sector. At present the country's telecom industry has achieved a growth rate of 14 per cent. Till 2000, though cellular phone companies were present, fixed landlines were popular in most parts of the country. With the government of India setting up the Telecom Regulatory Authority of India, the mobile sector opened up dramatically. This article attempts to give readers an overview of the telecom industry.

An overview

The Indian telecom sector, like any other industrial sector in the country, has gone through many phases of growth and diversification. Starting from the telegraphic

and telephonic systems of the 19th century, communication now involves advanced technologies like GSM, CDMA, WLL and the 3G technology used in mobile phones. Both public and private players are investing continuously in this sector, with the customer being the beneficiary.

The Indian telecom sector can be broadly classified into fixed line telephony and mobile telephony. The major players of the telecom sector are currently experiencing fierce competition in both the segments. Major players like BSNL, MTNL and VSNL in the fixed line sector, and Airtel, Hutch, Idea, Tata and Reliance in the mobile segment, are coming up with new tariffs and discount schemes to gain the competitive advantage. The public and private players share the fixed line and the mobile segments, with the public sector controlling more than 60 per cent of the market.

Both fixed line and mobile segments serve the basic needs of local, long distance and international calls, with the provision of broadband services in the fixed line segment and GPRS in the mobile arena. Traditional telephones have been replaced by the cordless and wireless instruments. Mobile phone providers have also come up with GPRS-enabled multimedia messaging, Internet surfing, and mobile-commerce. The much-awaited 3G mobile technology is soon going to enter the Indian telecom market. The GSM, CDMA and WLL service providers are all upgrading themselves to provide 3G mobile services.

Along with an improvement in telecom services, there is also an improvement in manufacturing. In the beginning, there were only Siemens handsets in India, but now a whole series of new handsets, such as Nokia's latest N-series, Sony Ericsson's W-series, Motorola's PDA phones,

Table I

Leading Cellular Service Providers and their Subscriber Base

Service provider	No. of CDMA subscribers	No. of GSM subscribers
Reliance	2.75 crores	38.76 lakhs
Tata	1.07 crores	—
Airtel	—	3.37 crores
MTNL	—	24.98 lakhs
BSNL	—	2.44 crores
Hutch	—	2.44 crores
Idea	—	1.3 crores
Spice	—	25.56 lakhs
BPL	—	10.62 lakhs
Aircel	—	48 lakhs

etc, are widely available. Touchscreen and advanced handsets are gaining popularity. Radio services have also been incorporated into mobile handsets, along with other applications like a large memory, multimedia applications, multimedia games, MP3 players, cameras, etc. The value added services provided by mobile service operators contribute to more than 10 per cent of the total revenue.

The major cellular service providers

Table I lists the leading cellular service providers and their subscriber base.

Bharti Airtel has the largest customer base with a 31 per cent market share, followed by Hutch and BSNL, with each holding a 22 per cent market share. The 2007 budget has brought further relief to the customers with a reduction in the tariffs, both local and long distance, and with the slashing of roaming charges. This is likely to lead to even more people going for cellular services and a higher usage of the value added services. However, landline telephony is likely to remain popular, too, in the foreseeable future. MTNL, the largest landline service provider, has re-

cently taken some bold initiatives to retain its market share and, if possible, expand it.

Scope of the telecom industry

The telecom industry is growing at an unbelievable pace and the growth rate is expected to double with every passing year. There are many new developments in the telecom sector, including the introduction of 3G

technology into the Indian market.

From among India's leading private and public operators, some are entering foreign markets as well. Bharti Telecom will be launching its services for NRIs in the US with the Airtel CALL-HOME service.

Investment and growth

In 2005-06, the telecom industry witnessed a growth of 21 per cent with a total turnover of Rs 86,720 crores, and the total investment rising to Rs 200,660 crores. It is projected that the telecom industry will enjoy a 150 per cent growth in the next 4-6 years, though this growth also requires a huge investment in the sector. Bharti Airtel is planning to invest about \$8 billion by 2010.

The liberalisation policy and some socio-economic factors have contributed to the immense growth in sales. The lifestyle of the people has changed. With the lowering of tariffs the affordability of the mobile phones has increased. The finance sector has also come up with loans for handsets with no interest. Mobile services providers are also expanding their coverage area by installing more and more tower antennas and other equipment.

The telecom sector in the country has already adopted the latest technological advancements to cater to the demands of the growing market. Telecom Expo India, Convergence India, VAS India and IPTV India that are organised every year, are efforts in this direction.

Budget 2007 was a disappointment for the telecom sector. Mobile service providers were asked to cut down their roaming rentals as well as their long distance and international call tariffs. This led to some discontent on the part of the service providers. However, the Telecom Regulatory Authority of India (TRAI) felt that this would lead to increased use of roaming facilities, which would ultimately lead to more revenue generation. Moreover, with cheaper handsets and lower tariffs, it is expected that by 2010 there will be over 500 million mobile phone subscribers in the Indian telecom market.

Also, the telecom industry this year will be focusing more on connecting rural areas to urban areas, so that farmers and the small-scale industries can have faster access to information related to weather and market conditions.

Employment status

With the potential for more projects, the telecom industry is going for high scale recruitments. There is a huge demand for software engineers, mobile analysts, and hardware engineers for mobile handset manufacture. Besides, there are ample opportunities for marketing people whose services are required to capture a wider customer base.

The new projects, setting up of new service bases, expansion of coverage areas, network installations, maintenance, etc, are providing more and more employment opportunities in the telecom sector.

3G technology

3G or third generation technology is the convergence of various second generation telecommunication systems. The technology is intended for smartphones or multimedia cell phones. Video broadcasting and other e-commerce services such as stock transactions and e-learning will now be made possible, much faster. 3G offers 3 MBps speed for downloading, which is very high compared to that of 2G technology. 3G provides for Internet surfing, downloading, e-mail attachment downloading, audio-video conferencing, fax services and many other broadband applications.

This technology was implemented for the first time in Japan. Today the technology is in operation in 25 countries, with over more than 60 networks in Asia, Europe and USA. The video conferencing capability of 3G has been a major factor in its success.

Not only the media and entertainment sector, but the business sector too has started using 3G applications worldwide. Video conferencing allows two individuals across the world to interact in the same way as they could have done, across the table. The technology is being implemented at various functional levels of business, such as marketing, human resources, etc.

3G technology in India

BSNL and MTNL launched 3G services in select cities in India this February. Private players are yet to enter the market, and are awaiting a spectrum auction by the Indian government. Apart from the network providers, handset providers in India are waiting eagerly for the launch of 3G to earn very high revenues from the value added services provided by the technology.

The technology is initially being launched on the CDMA platform.

The many benefits of 3G

In today's global scenario, 3G technology will enable organisations and qualified candidates to go about a telephonic interview via video conferencing. Traditional telephonic and personal interviews may be replaced by 3G voice and video conferencing. This will reduce costs and save time for both organisations and candidates.

3G-enabled video conferencing can help HR departments interact with all employees in a firm at the time of urgency without wasting other resources. This can be very helpful when the concerned person is out of the state or country.

With the advent of video and audio multimedia, and a faster rate of downloading e-mail attachments, employees can request any urgent file or report they need to present to clients. This will again reduce the burden on an organisation's resources and increase employee effectiveness.

3G technology will also provide for speedy Internet browsing that will help employees surf and learn using their 3G cell phones while travelling (m-learning) or from home. An organisation can even schedule training modules for employees of other branches through video conferences.

Today the Indian telecom industry offers services such as fixed landlines, WLL, GSM, CDMA and IP services to customers. Increasing competition among players has allowed prices to drop drastically, making the mobile facility accessible to the urban middle and lower-middle class, and to a great extent, in the rural areas, too. Even for small shopkeepers and factory workers, a phone connection is no longer an unattainable luxury.

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