



Dynamics of telecom sector in India

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Abstract

Telecommunication is an important infrastructure facility needed for the development of trade and industry of a country. It plays a significant role in all aspects of business. Communication facility serves as an asset for all business enterprises. As the world becomes a single market by the result of globalization, 24x7 communication facility becomes essential to all business enterprises and consumers as well. Marketing mix decides market for a business. The marketing mix of a business reaches consumers through communication facility. Communication between B2B, B2C, and C2C is essential in marketing of goods and services. Air Tel, Idea, Vodafone, BSNL, Aircel, and R-Jio are popular telecommunication service providers in India. In this paper, a modest attempt has been made to study growth of telecommunication in India in terms of FDI equity inflow for telecom, growth in telecom subscribers, internet subscribers, wireless density, wireless and wire-line revenue, market share of service providers and recent developments.

Keywords: telecommunication, marketing mix, B2B, B2C, C2C, density

Introduction

Telecommunication is defined as the transmission of signs, signals, messages, writings images and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems. India is the second largest telecommunication market and second largest number of Internet users in the world. Tele-density is defined as the number of telephone connections for every hundred individuals. The following table shows wireless Tele-density in India during the period 2007 to 2016.

Table 1: Wireless Tele-density in India

Year	Tele-density %
2007	14.6
2008	22.8
2009	33.7
2010	49.7
2011	68
2012	76
2013	70.9
2014	75.43
2015	77.27
2016	78.93

Source: www.ibef.org

Table 1 reveals that wireless Tele-density in India was 14.6 per cent in 2007. It has increased to 68 per cent in 2011 and 78.93 per cent in 2016 showing the growth of 441 per cent, for the past ten years from 2007 to 2016. For every 100 individuals, 79 are using wireless telephone in India.

Internet use is an important parameter to study the growth of telecommunication and ICT resources. The following table shows number of internet subscribers in India for the period 2006 to 2015.

Table 2: Number of Internet Subscribers (in million)

Year	Internet Subscribers
2006	8.6
2007	10.4
2008	12.9
2009	15.2
2010	18.7
2011	22.4
2012	25.3
2013	239
2014	267
2015	375

Source: www.ibef.org

The table 2 reveals that internet subscribers in India were 8.6 million in 2006 in India. This number has increased to 22.4 million in 2011 and 375 million in 2015 showing the increase of 3360 per cent in the ten years, 2006 to 2015. Increase in Internet subscribers have created a very good market to internet service providers. It creates competition among them. Data has become an important asset for all business enterprises. Internet facility is an important source for gathering data that are needed for business enterprises.

Table 3: Internet Users in India (Figures in million)

Year	Revenue
2006	19.6
2007	23.3
2008	32.1
2009	33.2
2010	33.3
2011	37.7
2012	40.8
2013	39.1
2014	38.8

Source: The Hindu, March 2, 2017 p.15 *Estimated

Table 3 reveals that internet users in rural India was 101 million in October 2014 and it is estimated to reach 170 to 180 million in June 2017. The growth rate is 78 per cent. In urban India it was 177 million and it is estimated to reach 275 to 285 million in June 2017, showing the growth of 61 per cent. It is inferred

that growth in Internet users in rural is more than urban India. The increase in Tele density and internet subscribers has contributed to increase in revenue to the telecommunication service providers in India.

Table 4: Wireless and Wire-line Revenue (US \$ billion)

Year	Rural	Urban	Total
Oct 2014	101	177	278
Oct 2015	129	246	375
Oct 2016	157	263	420
Dec 2016	163	269	432
Jun 2017*	170-180	275-285	450-465
Growth %	78	61	67

Source: www.ibef.org

The table 4 reveals that the wireless and wireline revenue of service providers was US \$ 9.6 billion in 2006. It has increased to US \$ 33.3 billion in 2010 and US \$ 38.8 billion in 2014

showing the growth of 98 per cent during the period 2006-14. The following table reveals global Tele communication service market.

Table 5: Global Telecommunication Services Market (Billion Euros)

Year	Europe	Asia Pacific	North America	Latin America	Africa Middle East	Total
2012	292	334	261	102	85	1074
2013	275	341	283	97	92	1088
2014	270	350	287	97	95	1099
2015	268	361	284	100	89	1102
2016	268	372	285	102	102	1129
2019	277	404	294	111	109	1197
Share %	23	34	25	9	9	--

Source: www.ibef.org

Table 5 shows that global telecommunication services market was 1074 Billion Euros in 2012. It has increased to 1099 Billion Euros in 2019. The global telecommunication market is more or less constant, not like India. In India, it is a dynamic, vibrant moving upward trend year by year. In total global telecommunication services market 2019, the share of Euro

will be 23 per cent, Asia pacific 34 per cent, North America 25 per cent, Latin America 9 per cent and Africa Middle East 9 per cent. Growth of telecommunication subscriber is an important parameter to study growth of telecommunication sector.

Table 6 Telecommunication Subscribers (in million)

Year	Total subscribers	Wireless subscribers
2007	205	165
2008	300.14	261
2009	429.72	392
2010	621.28	584
2011	846.32	812
2012	951.34	919
2013	898.02	868
2014	846.32	943.9
2015	996	969.8
2016	1058.86	1022.61
	417 per cent growth 10 years	504 per cent growth 10 years

Source: TRAI

Table 6 shows that total number of telecom subscribers was 205 million and it has increased to 846.42 million in 2011 and 1058.86 million in 2016, registering a growth of 417 per cent during 2007 to 2016. Growth in wireless subscribers is 504 per cent. The share of wireless subscribers in total subscribers is 97 per cent in 2016. It gives a very good market to cell phone manufacturers. Considering the growing market, Multinational

Companies are interested to do business in this sector in India. The foreign direct investment in telecom sector is on increasing trend considering growth of telecom sector in India. 100 per cent FDI is permitted in telecom sector in India. The following table shows FDI equity inflow for telecom in India from 2001 to 2016.

Table 7: FDI Equity Inflow for Telecom from 2000-01 to 2015-1 (US \$ million)

Year	FDI inflow
2000-01	178
2001-02	873
2002-03	192
2003-04	86
2004-05	118
2005-06	618
2006-07	477
2007-08	1261
2008-09	2549
2009-10	2539
2010-11	1665
2011-12	1997
2012-13	304
2013-14	1307
2014-15	2895
2015-16	1324

Source: www.cio.in

The table 7 reveals that FDI equity inflow was 178 billion in 2001, US \$ 618 billion in 2006, US \$ 1997 in 2012 and US \$ 1342 billion in 2016. The total FDI equity inflow during the period 2001 to 2016 is US 18383 billion.

The service providers of telecom sector of India are in acquisition strategy to meet competition and to retain their market share. R-Jio, recently, gives a substantial competition through its various promotion schemes. It compels other companies to move on acquisition strategy. Barathi Air Tel acquires Telenor to improve its market and face competition. Vodafone and Idea have come together and acquire a major market share and become a leader in Telecom sector of India. Airtel buys Ticona also. At present Air Tel is market leader in India. The following table 7 reveals market share of telecom service providers in India

Table 8: Subscriber Strength as on 31.12.2016

Name	Subscriber Strength %
R-Jio	6.4
Air Tel	23.58
Vodafone	18.16
Idea	16.9
BSNL	8.59
Aircel	8.6
Others	17.77

Source: The Hindu 21-3-2017

The table 8 reveals that market share of Air Tel is 23.58 per cent, Vodafone and Idea put together, market share is 35 per cent. The Bharthi Air Tel will heavily concentrate on acquisition and promotion strategies to protect market share and compete with the emerging competitors (Vodafone, and Idea).

Conclusion

Dynamics is seen in telecom sector of India. During the period 2007-2016, the growth in wireless subscribers is 504 per cent, internet subscribers 3360 per cent and Tele-density 441 per cent. 4G becomes a promotion strategy. Acquisition and promotion strategies stand as vibrant business strategies of

telecom sector of India to face competition and increase market share.

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