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A Study on Recent Trends in Indian Telecom Sector

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ABSTRACT

After the implementation of the Federal Financial Integration Scheme on 1st April, 1950, the administration of the entire network of telegraphs and telephone systems of the nation, including those that previously existed in the former princely state became a major adventure. India had around 84000 telephone lines for its population of 350 million at the time of its independence in 1947. India is the fastest growing economy post its liberalization and globalization activism and Asia's third largest economy behind Japan and China. India's telecom density is not so high as compared to the western market. These liberalization measures introduced in the telecom sector were expected to boost the investors' confidence, bring greater competition for the benefits of subscribers and develop modern telecommunication network in the country at a faster pace. The rapid growth in Indian telecom industry has been contributing to India's GDP at large. After independence the growth in telecom sector in public sector was fair and well planned.

I. TELECOM SECTOR

The Indian Telecom Sector has emerged as one of the critical components of economic growth required for overall socio-economic development of the country as there is a positive correlation between the penetration of mobile services and internet on the growth of GDP of a country. According to Joshi (2014), World Bank believes that an increase in mobile and broadband penetration increases the per capita GDP by 0.81% and 1.38% respectively in the developing countries. After post-liberalization, exponential growth on Telecom Sector in India can be seen, which actually helped the country for its economical development, (Nasit, 2011). According to Earnst and Young (2011), Indian telecom is an economic miracle in the making. They said that connecting such a vibrant economy of more than a billion people together and with the rest of the globe is an extraordinary achievement in terms of a nation's socioeconomic development. According to Shah (2008), the development of the Telecom Sector of India has experienced a major process of transformation in terms of its growth, technological content and market structure in the last decade through policy reforms introduced by Government of India. The sector has undergone a dramatic transformation from the government monopoly to a competitive environment after liberalization, where multiple private players could enter and started giving services to customers. According to Tarab (2012), the joint effort of Government and private players of this sector has improved a lot and on its way of growth and development. Active participation of the private companies, foreign direct investment, sequence of reform measures initiated by the Government and wireless technology- played an important role in phenomenal growth of the sector in the country. It has become a very essential service, needed for rapid growth and modernization of various sector of the country's economy.

II. OBJECTIVES

1. To study the evolution of the Telecom Sector in India.
2. To study the present trends and future growth opportunities of the Telecom Sector in India.

III. RESEARCH METHODOLOGY

The paper is based on secondary data. The data has been collected from internet, articles newspapers etc. Graph and percentile method has been used to analyze the data

IV. RECENT TRENDS IN INDIAN TELECOM SECTOR

History of Indian Telecom Sector:
The history of Indian Telecom Sector began in 1851, when The British Government were laid down the first operational landlines in Kolkata, (Tarab, 2012). In 1881, a separate telephone services were introduced by opening telegraph facilities to the public. The telephone services were merged with the postal system in the year 1883. In the beginning, Rajdhani of East India Company was situated at Kolkata; but in the year 1911, the capital got shifted to Delhi and continued to be capital of India. At that time, Public Works Department (PWD) was running the functions of telecom operations with head office at New Delhi. Gradually the control of telecom operations transferred to Director General Postal and Telegraph (DGP&T) from PWD, from DGP&T to Department of Telecommunication (DoT), from DoT to Department of Telecom Service (DTS), and finally landed in Bharat Sanchar Nigam Limited (BSNL). All these years, New Delhi continued to be the head office of Telecom Sector. In the year 1923, Indian Radio Telegraph Company (IRT) was formed. In the year 1947, just after the independence, all the foreign telecommunication companies were nationalized to form Telephone, Telegraph and Post (PTT), which was run by the Government of India, under Ministry of Communications in a monopoly manner. To get better performance, Government decided to bring the Indian Telecom Sector under the roof of state's control. In 1980, private sector was allowed in manufacturing telecom equipment's, which initiated reforming the telecommunication sector.
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V. TRENDS IN INDIAN TELECOM SECTOR

Telecommunication sector in India can be primarily subdivided into two broad segments, they are- Fixed Service Providers (FSPs) and Cellular Service Provider (CSPs). Indian Telecom Sector constitutes some essential telecom services like Telephone, Radio, Television, Internet etc. Now-a–days, Indian Telecom Sector is specially giving importance on latest technologies like GSM (Global System for Mobile Communication) and CDMA (Code Division Multiple Access) along with Fixed Line, PMRTS (Public Mobile Radio Trunking Services) and WLL

VI. MAJOR MILESTONES OF THE INDIAN TELECOM INDUSTRY

The Indian Telecom Industry comprises of various segments that are an indicator of its growth and development. It is broadly divided into two segments, Fixed Communication and Mobile Communication. Nowadays, there is a rapid growth in the field of mobile communication as compared to fixed communication due to an increasing demand for cellular phones [2]. The technologies like GSM and CDMA are adopted by the Indian Telecom Industry [6]. Different service providers offer both fixed as well as mobile communication while operating in various service areas of India.

VII. WIRELESS COMMUNICATION AND WIRELINE COMMUNICATION

The Wireless Communication is the fastest growing segment of the Indian Telecom Industry. Through the development of wireless communication, it has become easier to transmit information between two or more points that cannot be connected by an electrical conductor. The wireless technologies being employed presently by the Indian Telecom Industry are Cellular (mobile) phones, Television, Radio etc. The private telecom operators now dominate the wireless market However, this was not the case in the beginning. The changes in the market structure were mainly due to the changes in the National Telecom Policy of 1999. The Government of India is providing benefits to private players to grow in this sector. Mobile phone communication is one of the best known examples of wireless technology and is also known as cellular phone

communication. The major operators in the wireless field are Bharti Airtel, Vodafone, Reliance Communications, Idea Cellular, Tata Indicom and BSNL/MTNL.

The Wireline Communication focuses mainly on landlines. Fixed telephones are facing stiff competition from mobile phones. The fixed telephones network quality has presently improved a lot and these phones are now available even in high density urban areas on demand. The public telecom operators like BSNL and MTNL dominate the wireline market followed by the private operators

India has the world's second- largest telecom network after China in terms of both fixed as well as mobile communication. India had a subscriber base of 999.71 million till the end of March'15 in terms of fixed and mobile communication .

YEAR WIRELINE SUBSCRIBERS	WIRELESS SUBSCRIBERS	WIREINE SUBSCRIBERS	TOTAL SUBSCRIBERS	ANNUAL GROWTH %
MAR ,7	165.11	40.75	205.86	45
MAR,8	261.07	39.42	300.49	46
MAR,9	391.76	37.96	429.72	43
MAR,10	584.32	36.96	621.28	45
MAR ,11	811.59	34.73	846.32	36
MAR,12	919.17	32.17	951.34	12
MAR,13	867.80	30.21	898.01	-6
MAR,14	904.52	28.50	933.02	4
MAR,15	969.90	26.59	996.49	7
MAR,16	928.1	24.57	952.67	4
MAR,17	917.4	22.45	939.85	5

IX. MARKET POTENTIALITIES

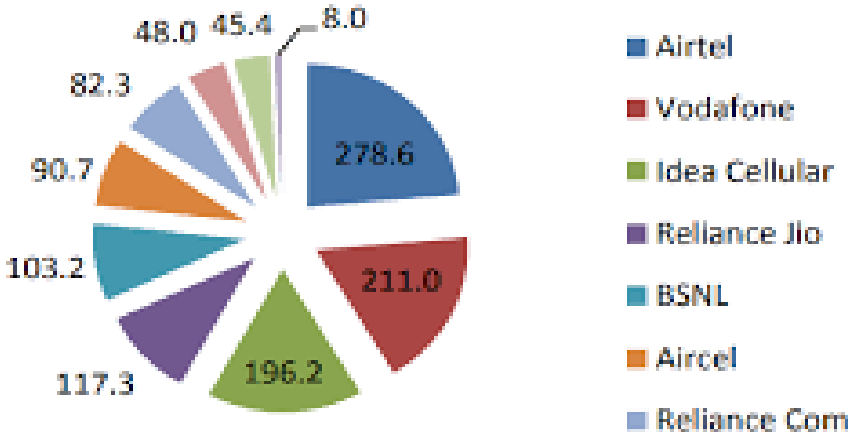
India has become one of the fastest growing mobile markets in the world. In India, the mobile service was commercially launched in August, 1995. In first few years, the average monthly subscriber's additions were around 0.05 to 0.1 million only and total mobile subscribers base in December 2002 was 10.5 million, (Annual Report, DoT 2002-03). However, subsequent Annual reports reflect that in the year 2003-04 and 2004-05, the numbers of mobile subscribers' additions increased to around 2 million per month due to number of proactive initiations taken by the regulators and licensors. The total number of telephone subscribers has reached 922.04 million at the end of January, 2014. The overall tele density has increased to 74.50 in January, 2014. The total wire line subscription and wireless subscription has reached to 28.72 million and 893.31 million respectively. In the last few years, along with the growth of mobile subscribers, there is an exponential growth in case of subscriber base of Fixed line services as well as Internet services. Thus building on the growth trend in subscriber base experienced since 2000.

The wireless segment of the Indian Telecom Industry- comprises of both GSM and CDMA subscribers.
GSM is a wireless digital phone technology that stands for Global System for Mobile Communication♣ developed in 1982. GSM network operates in the 900 MHz and 1800 MHz frequency bands. One of the key features of GSM is the Subscriber Identity Module, commonly known as a SIM card. This allows the users to retain their information even after they switch handsets. In the GSM technology, the frequency channel is divided into time slots through which the data packets travel without any interference from other calls. The mobile operators can be changed in GSM technology. GSM enjoys a larger share of the telecom market in India of about 80%. CDMA technology was developed in 1995. It stands for Code Division Multiple Access

. **CDMA** is a♣ form of multiplexing which allows numerous signals to occupy a single transmission channel. This technology is used for transmitting data or voice over radio frequencies (800 MHz and 1.9 GHz frequency bands). CDMA technology provides excellent voice capacity and data capability for mobile and fixed wireless networks. It is not possible to change operators while using CDMA technology. Only a single operator can be used in CDMA technology. In today's

era of smart phones where people look for advanced technologies, very few options are available in CDMA network. CDMA occupies only about 20% of the telecom market share. CDMA phones are more focused in rural regions, where people look for affordable schemes and low priced phones rather than smart phones.

Chart 1: Market share of wireless service providers as on May 2017 (in million)



X. IMPACT OF MARKETING STRATEGY IN INDIAN TELECOM SECTOR

This research tests the impact of key antecedent factors, which influence consumer behaviour in telecom service usage of various telecom service providers, which in turn affects marketing strategy. The model results and hypothesis tests are furnished below. Some of the key findings from the data analysis are highlighted below: There is positive influence of various product prices in marketing strategy. Thus, H2 is established. There is no perception difference but association with different company for different product price. There is significant influence of product mix in marketing strategy. Thus, H3 is established. There are same uses and but telecom service provider wise are 304 different for value added services, broadband, gprs/internet, sms etc. There is significant influence of promotion mix in marketing strategy. Thus, H4 is established. Broadcasting and print media are more effective for source of information to awareness of customers. There is significant influence of service quality on customer satisfaction. Thus, H5 is established. Network, coverage area , Availability of recharge, Voice clarity, Dealer network, and Sales promotion offer are major source of quality for customer satisfaction. There is no significant relationship between marketing strategy and demographic variables. Thus, H6 is established. Age, Education, Occupation and Disposable income are major variables affects. Technology orientation is a critical component of service and is most affected by the antecedents. Commitment can be improved by prolonged interaction and intense association between the telecom service provider and the customer. The primary objective of this research is to explore the impact of marketing strategy element of telecom service providers. The research confirms that marketing mix element significantly affects customer satisfaction.

XI. MOBILE NUMBER PORTABILITY

Mobile Number Portability requests have been increased day by day. About 111.94 million subscribers have been submitted their requests to different service providers present in that particular area, for porting their mobile number. Till now maximum number of requests have been received in Rajasthan from MNP Zone-I and in Karnataka from MNP Zone-II.

XII. CONCLUSION

As a result of the liberalization, privatization, and demonopolization initiatives taken by the government of India, the telecom sector is experiencing a historical growth. The trend is expected to continue in the segment, as prices are falling as a result of competition in the segment. The beneficiaries of the competition are the consumers, who are given a wide variety of services. In the years to come the country is predicted to witness a communication revolution, which would increase the subscriber base to match that of the developed world. The need of the time is a new revolution in telecom services and it is

imperative that service providers work towards the same and make it a reality. An important contribution of this study is how marketing strategy is developed and sustained over different target market in telecommunication sector. The future commitment of the customers to organization depends on perceived marketing element. The issue and challenges is therefore increasingly recognized as a critical success factor in the emerging scenario.

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