

GROWTH OF TELECOMMUNICATION INDUSTRY IN INDIA : A MAJOR PLAYER

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ABSTRACT

The Indian telecommunication industry is the world's fastest growing industry with 851.70 million mobile phone subscribers as of June 2011. It is also the second largest telecommunication network in the world in terms of number of wireless connections after China. The industry is expected to reach a size of 344,921 crore by 2012 at a growth rate of over 26 per cent and generate employment opportunities for 2.8 million people directly and for 7 million people indirectly during the same period. In 2008-09 the over all telecom equipments revenue in

India stand at Rs.136,833 crore during the fiscal year, as against Rs.115,382 crore in the last fiscal year. The total revenue of Indian telecom services company is likely to exceed Rs. 2,00,000 crore for financial year 2011-12.

Introduction :

The Indian postal and telecom sectors saw a slow and uneasy start. In 1850, the first experimental electric telegraph line was started between Diamond Harbor and Kolkata. In 1851, it was opened for the use of the British East India company (BEIC).

The posts and Telegraphs department occupied a small corner of the PWD, at that time. Subsequently, the construction of 6,400 Km of telegraph lines connecting Kolkata and Peshawar in the north along with Agra, Mumbai through Sindwa Ghats, and Chennai in the south as well as Ootacamund and Bangalore was started in November 1853. Dr. William O'Shaughnessy, who pioneered the telegraph and Telephone in India belonged to the PWD, and worked towards the development of telecom throughout this period. A separate department was opened in 1854 when telegraph facilities were opened to the public.

In 1880, two telephone companies namely the Oriental Telephone Company Ltd. and the Anglo-Indian Telephone Company Ltd. approached the

Government of India to establish telephone exchanges in India. The permission was refused on the grounds that the establishment of telephones was a Government monopoly and that the Government itself would undertake the work.

In 1881, the government later reversed its earlier decision and a license was granted to the Oriental Telephone company limited of England for opening Telephone exchanges at Calcutta, Madras, Bombay and Ahmadabad and the first formal Telephone Service was established in the country.

On the 28th January 1882, Major E. Baring, Member of the Governor General of India's Council declared open the Telephone Exchanges in Bombay, Calcutta and Madras. The exchange in Calcutta named the 'Central Exchange', with a total of 93 subscribers. Then telephone exchange was opened in Bombay also.

Development of Telecommunication in India :

While all the major cities and towns in the country were linked with telephones during the British period, the total number of telephones in 1948 numbered only around 80,000. Post independence, growth remained slow because the telephone was seen more as a status symbol rather than being an instrument of utility. The number of telephones grew leisurely to 980,000 in 1971, 2.15 million in 1981 and 5.07 million in 1991, the year economic reforms were initiated in the country. While certain measures were taken to boost the telecom industry from time to time i.e. introduction of the telex service in Mumbai in 1953 and commissioning of the first subscriber trunk dialing (STD) route between Kanpur and Delhi and between Kanpur and Lucknow in 1960, the first waves of Change were set going by Sam Pitroda in the eighties. The real transformation in scenario came with the announcement of the National Telecom Policy in 1994.

Pre 1902 -Cable Telegraph
 1902- First wireless telegraph station established between Sager Islands and Sand heads.
 1907- First central Battery of telephones introduced in Kanpur.
 1913- First Automatic Exchange installed in Shimla.
 1927- Radio telegraph system between the India and UK, with imperial wireless chain beam stations at Khadki and Daund.
 1933- Radio telephone system inaugurated between the India and UK.
 1953- 12 Channel carrier system introduced.
 1960- First subscriber trunk dialing commissioned between Kanpur and Lucknow.
 1975- First PCM System commissioned between Mumbai city and Adher telephone exchanges.
 1976 -First digital microwave junction introduced.
 1979 -First optical fibre system for local Junction commissioned at Pune.
 1980 -First satellite earth station for domestic communications established at Sikandarabad, U.P.
 1983 -First analog stored program control exchange for trunk lines commissioned at Mumbai.
 1984 -C-DOT established for indigenous development and production of digital exchanges.
 1995 -First mobile telephone service started on non-commercial basis on 15th August 1995 in Delhi.
 1995 -Internet introduced in India starting with Delhi, Bombay, Pune, Calcutta and Chennai on 15th August 1995.

Modern growth of Telecommunication :

A large population, low telephony penetration levels, and a rise in consumer spending power has helped make India the fastest growing telecom market in the world. The market's first operator was the state owned Bharat Snatchar Nigam Limited (BSNL), created by corporation of the Indian Telecommunication Service, a government unit formerly responsible for provision of telephone services. Subsequently, after the telecommunication policies were revised to allow private operators, companies such as Bharti Airtel, Tata Teleservices, Reliance Communications, Idea Cellular, Aircel and Loop Mobile have entered the Market. In the fiscal year 2008-09, rural India outpaced urban India in mobile growth rate. The total number of telephones in the country stands at 885.99 million, while the overall tele density has increased to 73.97 per cent as of June

30, 2011. Mobile telephony experiences growths at rates such as 11.41 million subscribers a month, which were added in June 2011.

Recent Policies :

A communication convergence Bill introduced in the Parliament on August 31, 2001 is presently before the standing committee of Parliament on Telecom and IT. All villages shall receive Telecom facilities. The basic services are open to competition, National Long Distance Service is opened for unrestricted entry. The International Long Distance Services have been opened to competition.

Policies allowing private participation have been announced as per the New Telecom Policy (NTP), in 1999, several new services, which include Global Mobile Personal Communication by Satellite (GMPCS) service, digital Public Mobile Radio Trunked Service (PMRTS) and voice mail / Audiotex / Unified Messaging services.

Two telecom PSUs, VSNL and HTL have been disinvested. A decision to permit community phone service has been announced. Multiple fixed Service Provider (FSPs) licensing guidelines were announced. Wireless Local Loop has been introduced to provide telephone connections in Urban, Semi Urban and rural areas promptly.

Telephone Subscribers (Wireless and Landline) :

885.99 million (June 2011).

Land Lines : 34.29 million in June 2011.

Cell phones : 851.70 million in June 2011.

Monthly Cell Phone Addition : 11.41 million in June 2011.

Teledensity : 73.97% in June 2011.

Projected Teledensity : 1 billion, 84% of population by 2012.

Internet :

India has the world's third largest Internet users with over 100 million users. Out of them 40 million use the internet via mobile phones as of December 2010. Internet penetration is one of the lowest in the world which is 8.4% of the population, compared to other nations like UK, Japan South Korea, where internet penetration is significantly higher than in India.

Broadband :

Since the beginning of 2006 a continuous growth of broadband connection has been seen in India. Total broadband Internet users in the country have reached 12.32 million constituting 0.9% of the population in June 2011. India ranks one of the lowest providers of broadband speed as compared to other countries such as Japan, South Korea and France.

After liberalization in 1992, many private ISPs have entered the market, many with their own local loop and gateway infrastructures. BSNL/MTNL have continued to dominate the market because of its massive copper infrastructure present across the nation. India broadband growth has been plagued by many problems, Complicated tariff structure, metered billing, High Charges for right of way, laic of domestic content, non implementation of Local Loop unbundling have all resulted in hindrance to the growth of broadband in India.

Mobile Telephones :

The mobile telecommunications system in India is the second largest in the world with a subscriber base of more than 851 million and it was thrown open to private players in the 1990s. The country is divided into 22 telecom Zones, called circles. Government and several private players run local and long distance telephone services. Competition has caused prices to drop and calls across India are one of the cheapest in the World. In 2004, the number of mobile phone connections crossed the number of fixed Line connections and presently dwarfs the wireline segment by a ratio of around 20:1. The mobile subscriber base has grown by a factor of over a hundred and thirty, from 5 million subscribers in 2001 to over 851 million subscribers as of June 2011, India primarily follows the GSM mobile system, in the 9000 MHZ band. Recent operators also operate in the 1800 MHZ band.

Landlines :

Only the Government owned BSNL and MTNL were allowed to provide landline phone services through copper wire in India with MTNL operation in Delhi and Mumbai and BSNL servicing all other areas of the county until the New Telecom policy was announced in 1999. Due to the rapid growth of the cellular phone industry in India, Landlines are facing still competition from cellular operators. This has forced landline service providers to become more efficient and improve their quality of service. Landline connections are now available an demand, even in high density urban areas.

Emergence as a major player :

In 1975, the Department of Telecom (DOT) was separated from Indian Post and Telecommunication Accounts and Finance service. Department of Telecommunication was responsible for telecom services in entire country until 1985. When Mahanagar Telephone Nigam Limited (MTNL) was carved out of Dot to run the telecom services of Delhi and Mumbai. In 1990s the telecome sector was opened

up by the Government for private investment as a part of Liberalization, Privatization, Globalization (LPG) Policy. Therefore it became necessary to separate the Government policy wing from its operations wing. The Government of India corporatized the operations wing of Dot on 1st October 2000 and named it as Bharat Sanchar Nigam Limited (BSNL). Many private operators, such as Reliance communications, Tata Indicom, Vodafone, Loop Mobile, Airtel, Idea and Uninor etc. Successfully entered the high potential Indian Telecom Market.

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