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PERFORMANCE ANALYSIS OF INDIAN TELECOM SECTOR

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ABSTRACT:

Indian Telecom sector is a fast evolving sector due to technological advancement which facilitates introduction of new types of services. Even though there are lot of opportunities in telecom sector, still it has become very challenging to survive. Broadcasting sector has also been going through transition from analogue to digital era. The Telecom Regulatory Authority of India (TRAI) was established in the year 1997 and has been regulating the telecom sector for more than two decades. The broadcasting sector was brought under the ambit of TRAI since 2004. The growth of Indian telecom sector has highly enhanced due to supportive government policies, evolving new technologies and changing consumer. Further this rapid growth of the telecommunication sector has benefited the customers largely in the form of better services and low tariffs. So the researcher has analysed the business performance of Indian Telecom sector in last five years and given the insights on various changes occurred in this period.



KEYWORDS: Broadcast, Tariff, Telecom, TRAI.

1. INTRODUCTION:

The guideline of telecom benefits in India discovers its beginning in the Indian Telegraph Act, 1885 which awarded the Central Government an elite benefit to build up transmit administrations. The Government additionally has the ability to allow licenses to different administrators to carry on those administrations. Until the mid-nineties, the

Government practiced an imposing business model over this area, with the Department of Telecommunications (DoT) being in charge of controlling telecom benefits all through the nation. The National Telecom Policy, reported by the Government in 1994 (NTP, 1994), tried to change this situation by taking into consideration the interest of private elements. This prompted the opening up of fundamental telecom benefits notwithstanding Value Added Services (VAS, for example, cell administrations and

radio paging. The NTP, 1994 carried with it the unavoidable requirement for an autonomous administrative structure that would isolate the Government's administrative capacities from its administration giving capacities, in accordance with worldwide accepted procedures. This prompted the production of the TRAI, with impact from twentieth February 1997, in accordance with the arrangements of the Telecom Regulatory Authority of India Act, 1997 (TRAI Act). TRAI was given the obligation of

managing telecom administrations, including obsession and modification of levies, deciding nature of administration norms and fixing the terms and conditions for inter-connectivity between suppliers. The principle targets of TRAI are to give a reasonable and straight-forward approach which encourages reasonable competition. It also creates and support conditions for development of telecom in the nation in a way and at a pace which will empower India to assume a main job in the rising worldwide data society.

2. OBJECTIVES OF STUDY:

- To analyse the rural and urban Wireless, Wireline, Internet / Broadband Subscribers in Indian Telecom Sector for last five years i.e. from 2013 -14 to 2017-18.
- To compare the rural and urban tele-density of Wireless, Wireline, Internet or Broadband subscribers for last five years.
- To compare the number of Wireless and Wireline telephone subscribers for last five years.
- To assess the financial performance of Indian Telecom Sector for last five years.

3. LITERATURE REVIEW:

Prof. M. Yadagiri, and B. Rajaram (2018) ^[1], have identified that the percentage of rural wireline subscribers is in decreasing trend. It is due to the massive usage of mobile phone with lower tariff offered by various private telecom service providers in the rural area. There is an increasing trend in urban wireless subscribers as well as rural wireless subscribers.

Shivansh Sharma (2018) ^[2] has identified the problems for the deployment of 5G in India, its solutions, applications and its future scope. 5G will transform the current network architecture of India into a new level. It will help in raising the economic level of India as well as to improve its ranking in Internet speed. India will get benefits of 5G only if the current problems in the deployment of 5G will be removed by the government.

Shellyka Bansal (2017) ^[3] has identified that due to liberalization, privatization & de-monopolization 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.

J. Jasmine Bhastina and Dr. (Mrs.) J. Mahamayi (2017) ^[4], have identified that the telecom industry in India has witnessed a phenomenal and manifold growth over the recent years. The wireline market share has declined due to an increased demand for wireless phones by subscribers. The cellular segment is playing an important role in the industry by making itself available in the rural and semi-urban areas where tele-density is the lowest.

Abhishek Behl, (2015) ^[5], has identified that there is an effect of investment on various static and dynamic factors in a telecom industry. It indicates that the investment is the driver of technical progress for the countries. The results reveal that competition avoids the growth of subscription prices of the services like voice calls or internet usage and it turns the market oligopolistic. The customers experience a dip in the prices of the services and tend to maintain the investment in using the telecom services. This boosts the telecom operators to enhance the quality of services without altering the price of the services.

Dr. M. Prasanna Kumar (2014) ^[6], has identified that the telecom services are providing a lot of opportunities, emerging new trends but at the same times there is also a lot of risk in it. In spite of rapid growth, the tele-density is still 75.23% millions which is very good as compared with the previous year population. With its on-going all round efforts in building up the economy, the country has touched the figure of 93.1.95 million total telecom subscribers by 28 February 2014 which is good sign to make Indian telecom as the 3rd largest in the world.

Nandini Borah (2014)^[7], has identified that the effect of competition has been felt in the declining tariffs, provision of different and innovative tariff plans customized for different segments,

loyalty programs and celebrity endorsements. Further, organizations like Airtel & Vodafone have been constantly trying to align their vision and organizational structures with the dynamic and ever changing business environment.

Ajitharani Unnikrishnan and Dr. B Johnson (2012)^[8], has identified that the growth of Indian telecom sector has highly enhanced due to supportive government policies, emerging technologies and changing consumer. Further this rapid growth of the telecom sector has benefited the customers largely in the form of better services and low tariffs. There has been a continuous rising trend in the total number of telephone subscribers year by year. It is clear fact that the industry has made astounding growth in recent times.

4. RESEARCH METHODOLOGY:

The researcher used descriptive research design as it includes surveys and fact-finding enquiries of different kind. The main purpose is to portray the state of affairs of telecom sector as it exists at present. The secondary data was taken from the annual reports and performance reports of TRAI for last 4 years i.e. 2014-15 to 2017-18 and the data was analysed with the help of percentage, graphs & charts.

Limitations of the Study: The analysis of telecom industry is done for the last five years only. The accuracy of data depends upon the information in the annual reports of TRAI.

5. DATA ANALYSIS AND INTERPRETATIONS:

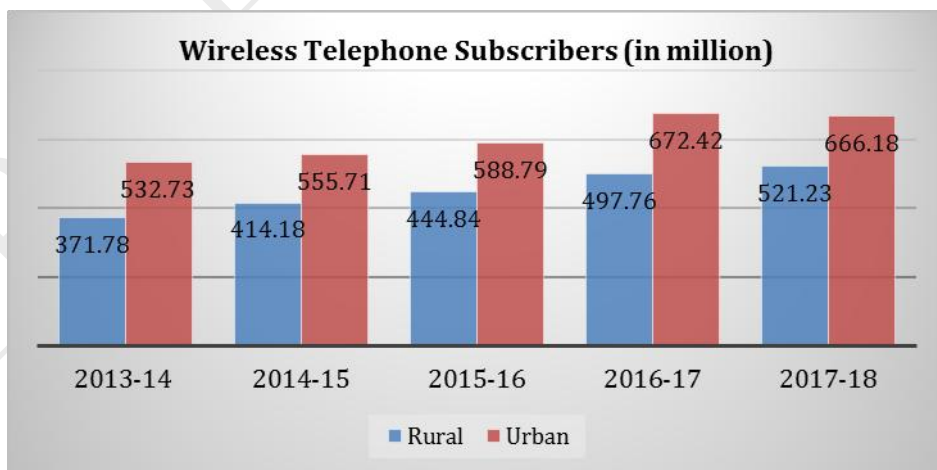
5.1 Rural & Urban wireless and wireline telephone subscribers from 2013-14 to 2017-18:

5.1.1 Wireless Telephone Subscribers (in millions)

Table 5.1.1 Wireless Telephone Subscribers

Year	Rural	Urban	Total
2013-14	371.78	532.73	904.51
2014-15	414.18	555.71	969.89
2015-16	444.84	588.79	1033.63
2016-17	497.76	672.42	1170.18
2017-18	521.23	666.18	1187.41

Sources: Performance Report of TRAI



Graph 5.1.1 Wireless Telephone Subscribers

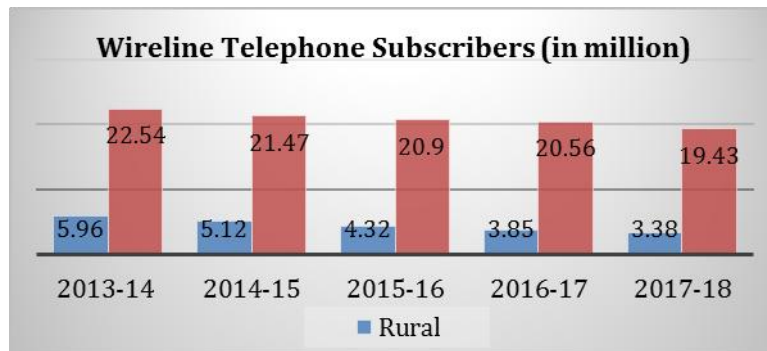
In rural as well as in urban area the wireless telephone subscribers is showing an increasing trend. The rural subscribers have increased from 371.78 million in 2013-14 to 521.23 million in 2017-18 and the urban subscribers have increased from 532.78 million in 2013-14 to 666.18 million in 2017-18.

5.1.2 Wireline Telephone Subscribers (in millions):

Table 5.1.2 Wireline Telephone Subscribers

Year	Rural	Urban	Total
2013-14	5.96	22.54	28.50
2014-15	5.12	21.47	26.59
2015-16	4.32	20.90	25.22
2016-17	3.85	20.56	24.41
2017-18	3.38	19.43	22.81

Sources: Performance Report of TRAI



Graph 5.1.2 Wireline Telephone Subscribers

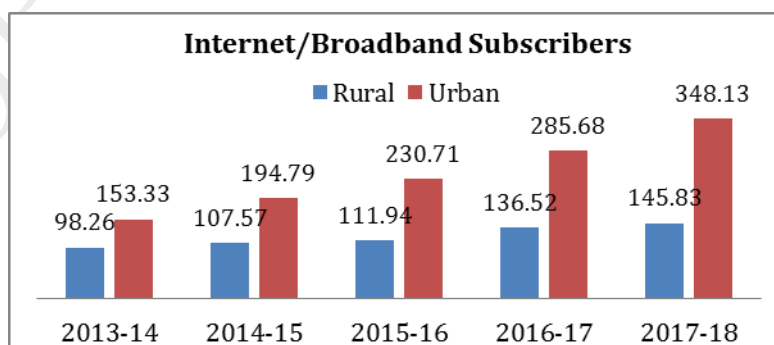
Both rural as well as urban wireline subscriber are showing a decreasing trend. The rural wireline subscribers have decreased from 5.96 million in 2013-14 to 3.38 million in 2017-18 and the urban subscribers have been decreased from 22.54 million to 19.43 million.

5.2. Rural and Urban Internet or Broadband Subscribers for last five years (in millions):

Table 5.2 Internet/Broadband Subscribers

Year	Rural	Urban	Total
2013-14	98.26	153.33	251.59
2014-15	107.57	194.79	302.36
2015-16	111.94	230.71	342.65
2016-17	136.52	285.68	422.2
2017-18	145.83	348.13	493.96

Source: Performance Report of TRAI



Graph 5.2 Internet/Broadband Subscribers

The internet/broadband subscribers in rural and urban areas are showing an increasing trend. The number of rural subscribers has increased from 98.26 million to 145.85 million and the urban subscribers have increased from 153.33 million to 348.13 million.

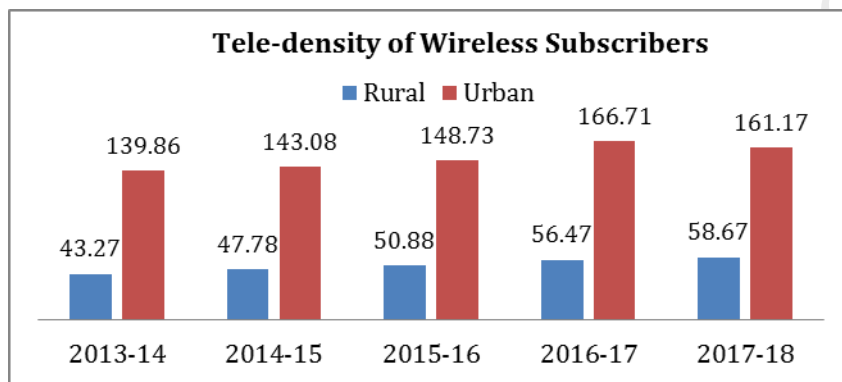
5.3. Rural & urban tele-density of Wireless, Wireline, Internet or Broadband Subscribers:

5.3.1 Tele-density of Wireless Subscribers:

Table 5.3.1 Tele-density of Wireless Subscribers

Year	Rural	Urban
2013-14	43.27	139.86
2014-15	47.78	143.08
2015-16	50.88	148.73
2016-17	56.47	166.71
2017-18	58.67	161.17

Sources: Performance Report of TRAI



Graph 5.3.1 Tele-density of Wireless Subscribers

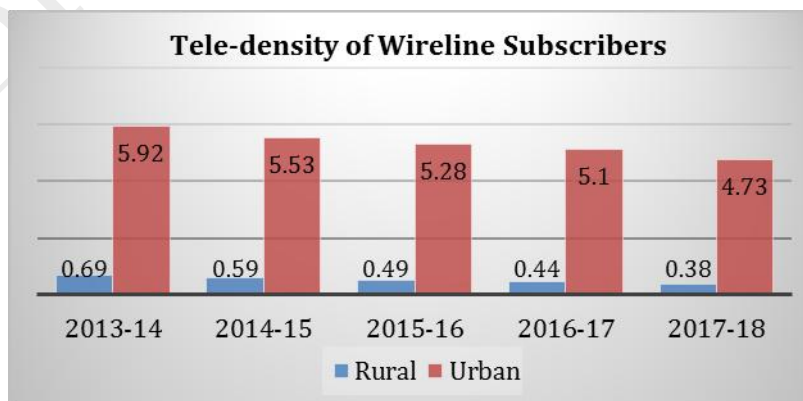
The tele-density of the rural as well as urban wireless subscribers is showing an increasing trend. The tele-density of rural subscribers has increased from 43.27% to 58.67% and of urban subscribers has increased from 139.86% to 161.17%.

5.3.2 Tele-density of Wireline Subscribers:

Table 5.3.2 Tele-density of Wireline Subscribers

Year	Rural	Urban
2013-14	0.69	5.92
2014-15	0.59	5.53
2015-16	0.49	5.28
2016-17	0.44	5.10
2017-18	0.38	4.73

Sources: Performance Report of TRAI



Graph 5.3.2 Tele-density of Wireline Subscribers

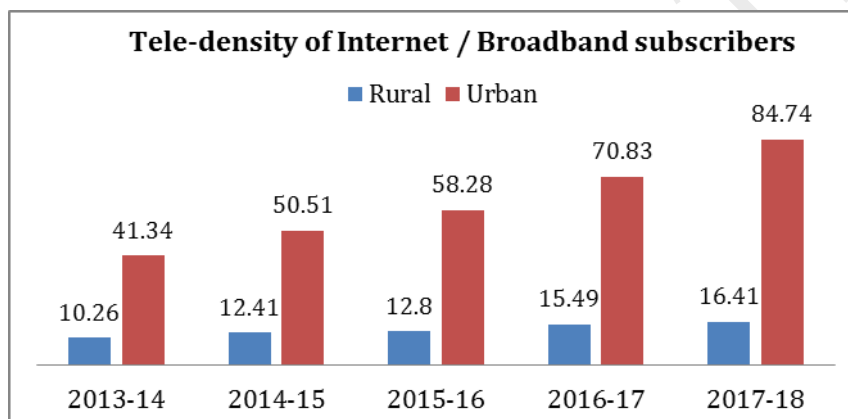
The tele-density of the Wireline subscriber is showing a decreasing trend in both rural & urban area. The tele-density of Wireline subscribers in urban area has decreased from 5.92% in 2013-14 to 4.73% in 2017-18. Also the tele-density of wireline subscribers in rural area has decreased from 0.69% 2013-14 to 0.38% in 2017-18.

5.3.3 Tele-density Internet/ Broadband subscribers:

Table 5.3.3 Tele-density of Internet / Broadband subscribers

Year	Rural	Urban
2013-14	10.26	41.34
2014-15	12.41	50.51
2015-16	12.80	58.28
2016-17	15.49	70.83
2017-18	16.41	84.74

Sources: Performance Report of TRAI



Graph 5.3.3 Tele-density of Internet / Broadband Subscribers

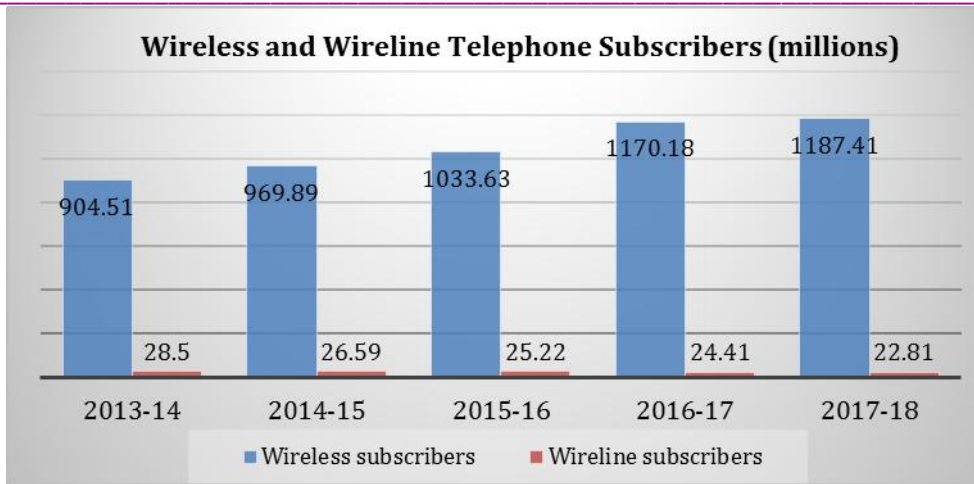
In the rural area as well as urban area the use of the internet broadband is increased so the tele-density of the internet broadband is also increased year by year. In the year 2013-14 the tele-density of rural as well as urban area was 10.26% and 41.34% respectively and it has increased up to 16.41% and 84.74% respectively.

5.4 Comparison of Wireless & Wireline Telephone Subscribers for last 5 years (In millions)

Table 5.4 Wireless and Wireline Telephone Subscribers

Year	Wireless subscribers	Wireline subscribers	Total
2013-14	904.51	28.5	933.01
2014-15	969.89	26.59	996.48
2015-16	1033.63	25.22	1058.85
2016-17	1170.18	24.41	1194.59
2017-18	1187.41	22.81	1210.22

Sources: Performance Report of TRAI



Graph 5.4 Wireless and Wireline Telephone Subscribers

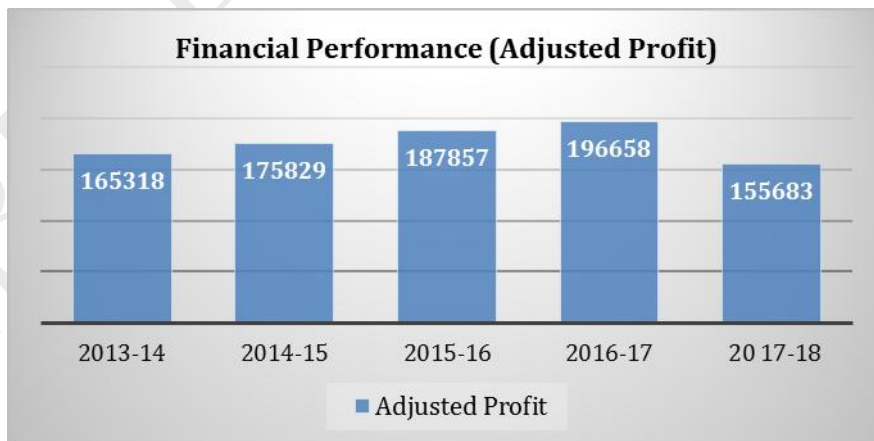
The wireless subscribers show the increasing trend but the wireline subscribers show the decreasing trend. In the year 2013-14 the wireless subscribers were 904.51 and it increased up to 1187.41 million 2017-18. The wireline subscribers were 28.5 million in 2013-14 & have decreased up to 22.81 million.

5.5 Financial performance of Indian Telecom Sector for last five years. (Incrore)

Table 5.5 Financial Performance (adjusted profit)

Year	Adjusted Profit	% change
2013-14	165318	-
2014-15	175829	6.35%
2015-16	187857	6.84%
2016-17	196658	4.68%
2017-18	155683	-20.84%

Source: Performance Report of TRAI



Graph 5.5 Financial Performance (adjusted profit)

The financial performance (adjusted profit) of Indian Telecom Sector is showing an increasing trend. It has increased from 165318 crores in 2013-14 to 196658 crores in 2016-17 but in 2017-18 the profitability has decreased up to 155683 crores.

7. CONCLUSIONS:

- In rural as well as in urban area the wireless telephone subscribers is showing an increasing trend in last five years.
- Both rural as well as urban wireline subscribers are decreasing year after year.
- The internet and broadband subscribers of urban and rural area shows an increasing trend.
- The tele-density of wireless subscribers is showing the increasing trend in rural as well as urban area. The demand of the wireless telephones has increased.
- The tele-density of wireline subscribers is showing a decreasing trend in rural and urban area. The demand of the wireline telephone has decreased.
- The tele density of internet and broadband subscribers is showing an increasing trend in rural as well as in urban area.
- As compared to the wireless users, the Wireline users are decreasing in the both the areas.
- The financial performance (adjusted profit) of Telecom Sector is showing an increasing trend from 2013-14 to 2016-17 but in 2017-18 the profitability has relatively decreased.

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