



## The Changing Scenario of Telecom Industry in India: A Special Reference Selected Telecom Companies

### KEYWORDS

GAGR, GSM,

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**ABSTRACT** Telecom sector is developing at a rapid speed, with the auctioning of spectrum the central government is able to raise thousands of revenue. More and more private players are entering this competitive sector, which once upon a time was ruled by the public sector undertaking BSNL.

One of the fastest developing industry in the service sector is telecom, India is the second largest market for telecom industry, it is been estimated that the mobile industry would contribute approximately US\$ 400 billion to GDP during the year 2014. According to GSMA the sector will expected to create more than 4.1 million jobs by 2020

### Introduction

India is the second most populous country in the world. India is having the credit of second largest communication network based on the number of users. The added advantage in Indian telecom sectors the affordability at lesser cost when compared to other developing countries. India is the world's third largest internet user market as it is having a good number of young generations.

Telecom sector is developing at a rapid speed, with the auctioning of spectrum the central government is able to raise thousands of revenue. More and more private players are entering this competitive sector, which once upon a time was ruled by the public sector undertaking BSNL.

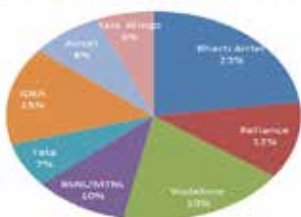
During the year 1850, the first telegraph was started by the British East India Company and it is been one of the world's oldest. Again during 1880, the Oriental Telephone Company and Anglo-Indian Telephone Company Ltd approached the Government to start telephone exchanges until then as it was the government monopoly.

### Overview of Indian Telecom Industry

One of the fastest developing industry in the service sector is telecom, India is the second largest market for telecom industry, it is been estimated that the mobile industry would contribute approximately US\$ 400 billion to GDP during the year 2014. According to GSMA the sector will expected to create more than 4.1 million jobs by 2020.

The major players in the sector are Bharati Airtel, Vodafone, BSNL, Idea Cellular, Aircel, Reliance Telecom, Tata Docomo etc.

Operator Market Share (May '14)



Source: <http://www.telecomcircle.com/2009/06/india-telecom/>

The chart depicts the operator share in the Indian Telecom sector, where Bharti Airtel has a market share of 23% and is a market leader for years, followed by Vodafone 19%, Idea Cellular with a market share of 15%. The public sector undertaking BSNL/MTNL is with a combined market share of 10%. MTNL operates in two major metros New Delhi and Mumbai and BSNL operate all over the country except these two cities.

### Review of literature

The study conducted by Velnampy T & Kajanathan (2013) in Srilanka for two telecom companies such as dialog telecom plc and Srilanka telecom plc has found that there are no huge fluctuations in the cash positions ratios, return on equity and return on assets.

Subramaniam Velu et al (2014) in their research article studied the development of telecommunication in Malaysia and found out that due rapid change in technology, the telecom companies have to more pro active in their approach in adaptation new technology so that they can survive in the market. They found that telecom in Malaysia has reached saturation level.

A study conducted by Dr. B Vijayalakshmi & M. N. Sailaja has found that even though the telecom companies in India are having ill financial health in spite of well established, their study also find the difficulty faced by public sector undertaking BSNL from major private players.

Bernardo Bortolotti et al have find out that operating efficiency and capital investment spending increase significantly after privatization, while employment and leverage decline significantly.

### Methodology

**Objective of the study:** as a fastest growing sector in Indian service industries telecom industries has been gaining lot of importance and its contribution to Indian economy growth. The study aims at evaluating the changing scenario of Telecom sector over a period of ten years (2004-05 to 2013-2014). More specifically the emphasis will be on the following issues such as total number of subscribers for both wire and wireless, revenue, investment on fixed assets etc,

**Sample Design:** For the present paper the data of top six telecom companies namely, Bharti Airtel, Vodafone, BSNL, Idea, Reliance Telecom, Tata Docomo has been taken for a period of ten years.

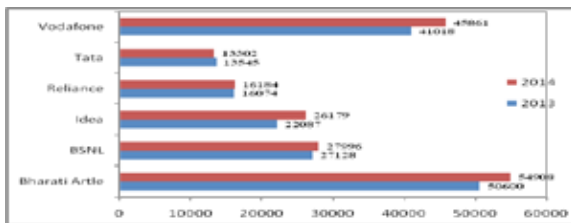
**Source of Data:** as the study is purely based on secondary data, the information has been collected from different published sources like Annual Reports of Telecom Regulatory Authority of India and financial statements of selected telecom companies.

**Tools of analysis:** the statistical tools applied in the study are simple average, standard deviation, Co efficient of Variation, CAGR.

**Limitations of the study:** the study is confined to ten years data only that is from 2004-05 to 2013-14 and only covered six major telecom companies and data purely collected on secondary basis.

**Data Analysis**

**Chart No. 01 Revenue of major Telecom service provider (in Croress) for the year ending 2013 and 2014**



Source: Compiled from the TRAI Annual Reports

The chart No 1 shows the revenue earnings of major telecom service provider for the year ending 2013 and 2014, Bharathi Airtel stands as number one in terms of revenue generation and followed by Vodafone, BSNL and Idea and Tata Docomo stands in the last place in revenue generation.

**Table No. 01 Wireless and wire line subscription base (in Millions) from the year ending 2005 to 2014**

Year	Wireless	Wire line	Total
2005	52.22	41.43	93.65
2006	98.77	41.50	140.27
2007	165.11	40.75	205.86
2008	261.07	39.42	300.49
2009	391.76	37.96	429.72
2010	584.32	36.96	621.28
2011	899.59	34.73	934.32
2012	919.17	32.17	951.34
2013	867.80	30.21	898.01
2014	904.51	28.50	933.01
Mean	514.43	36.36	550.80
Growth	852.29	-12.93	839.36
CAGR	33.00	7.89	25.85
S D	362.36	4.76	357.92
C V	141.97	764.72	153.89

Source: Compiled from the TRAI Annual Reports

The table No.1 reveals total wireless and wire line subscription based on during the year 2005 to 2014. Wireless subscription having a compound annual growth rate of 33%, Average mean of 514.43, Standard deviation 362.36 and co efficient of variation 141.97 Wire line subscriptions having a compound annual growth rate of 7.89%, Average mean of 36.36, Standard deviation 4.76 and co efficient of variation 764.72. As total wireless and wire line subscription having a Compound annual growth rate of 25.85%. It shows that wireless subscription was growing year by year, but wire line subscription was declining trend.

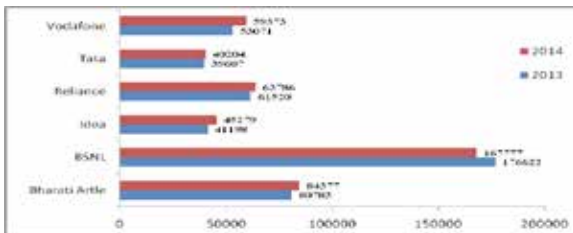
**Table No. 02 Subscriber base of wireless from the year ending March 2005 to March 2014(in Millions)**

Year	Idea	BSNL	Bharati Airtel	Vodafone	Reliance	Tata
2005	5.07	9.90	10.98	7.80	10.45	1.09
2006	7.37	7.65	19.58	15.36	17.31	4.85
2007	14.01	30.99	37.14	26.44	28.01	16.02
2008	24.01	40.79	61.98	44.13	45.79	24.33
2009	38.89	52.15	93.92	68.77	72.67	35.12
2010	63.82	69.45	127.62	100.86	102.42	65.94
2011	89.50	91.83	162.20	134.57	135.72	89.14
2012	112.72	98.51	181.28	150.47	1533.05	81.75
2013	121.61	101.21	188.20	152.35	122.77	66.42
2014	135.79	94.65	205.39	166.56	110.89	63.00
Mean	61.28	59.71	108.83	86.73	217.91	44.77
Growth	130.72	84.75	194.41	158.76	100.44	61.91
CAGR	38.93	25.33	34.03	35.81	26.64	50.03
S D	50.37	36.52	73.91	61.76	464.31	32.36
C V	121.67	163.49	147.24	140.44	46.93	138.34

Source: Compiled from the TRAI Annual Reports

Table No 2 reveals total wireless subscriber of Idea, BSNL, Bharthi Airtel, Vodafone, Reliance, Tata Docomo, during the year 2005 to 2014. Idea having a compound annual growth rate of 38.93% standard deviation 50.37 and co-efficient of variation 121.67. BSNL having compound annual growth rate of 25.33% standard deviation 36.52 and co-efficient of variation 163.49. Bharathi Airtel having a compound annual growth rate of 34.03% standard deviation 73.91 and co-efficient of variation 147.24. Vodafone having compound annual growth rate of 35.81% standard deviation 61.76 and co-efficient of variation 140.44. Reliance having compound annual growth rate of 26.64 standard deviation 464.31 and co-efficient of variation 46.93 and Tata Docomo having compound annual growth rate of 50.03% standard deviation 32.36 and co-efficient of variation 138.34. It clearly shows that Tata Docomo is having highest compound annual growth compare to rest and risk factor is less compare to other companies. Reliance telecommunication is having less fluctuation in its wireless subscription

Chart No. 02 Fixed Assets of major Telecom service provider (in Croress) for the year ending 2013 and 2014



Source: Compiled from the TRAI Annual Reports

The above chart shows the fixed Assets investment of major telecom service provider for the year ending 2013 and 2014, BSNL stands as number one in investments on fixed assets and followed by Bharathi Airtel, Reliance, Vodafone, and Tata Docomo.

### Finding

- Wireless subscription is growing year by year, but wire line subscription was declining trend during the year 2005 to 2014
- Bharati Airtel having a total growth of 194.41 million wireless subscriber during 2005 to 2014 and stands as number one in growth of wireless subscriber
- Tata Docomo is having highest compound annual growth compare to rest and risk factor is less compare to other companies.
- Reliance telecommunication is having less fluctuation in its wireless subscription during the year 2005 to 2014
- Bharathi Airtel stands as number one in terms of revenue generation during the year 2005 to 2014
- BSNL stands as number one in investments on fixed assets during the year 2005 to 2014

### Conclusion

One of the fastest developing industry in the service sector is telecom, India is the second largest market for telecom industry, it is been estimated that the mobile industry would contribute approximately US\$ 400 billion to GDP during the year 2014. According to GSMA the sector will expected to create more than 4.1 million jobs by 2020. Telecom sector is developing at a rapid speed, with the auctioning of spectrum the central government is able to raise thousands of revenue. But telecom companies are growing in subscription wise on the same time not in revenue generation wise; because of more and more private players are entering this competitive sector and price competition between the companies, which once upon a time were ruled by the public sector undertaking BSNL.

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