

# A Study of Telecom Industry

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# Agenda

- Introduction
- Overview of telecom industry
- History of telecom industry
- Scope of telecom industry
- Players of telecom industry
- Major market trends
- Future trends in telecom industry
- Developments in telecom industry
- Conclusion



# Introduction

Telecom in the real sense means transfer of information between two distant points in space

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Telecom is a huge and varied fastness of technologies, companies, services and politics that is truly global in nature

~~Telecom stands as one of the most essential elements of the business world in terms of “Connecting the World”~~

# History of Telecom Industries

Year	
1851	First operational land lines were laid by the government near Calcutta (seat of British power)
1881	Telephone service introduced in India
1883	Merger with the postal system
1923	Formation of Indian Radio Telegraph Company (IRT)
1932	Merger of ETC and IRT into the Indian Radio and Cable Communication Company (IRCC)
1947	Nationalization of all foreign telecommunication companies to form the Posts, Telephone and Telegraph (PTT), a monopoly run by the government's Ministry of Communications
1985	Department of Telecommunications (DOT) established, an exclusive provider of domestic and long-distance service that would be its own regulator (separate from the postal system)
1986	Conversion of DOT into two wholly government-owned companies: the Videsh Sanchar Nigam Limited (VSNL) for international telecommunications



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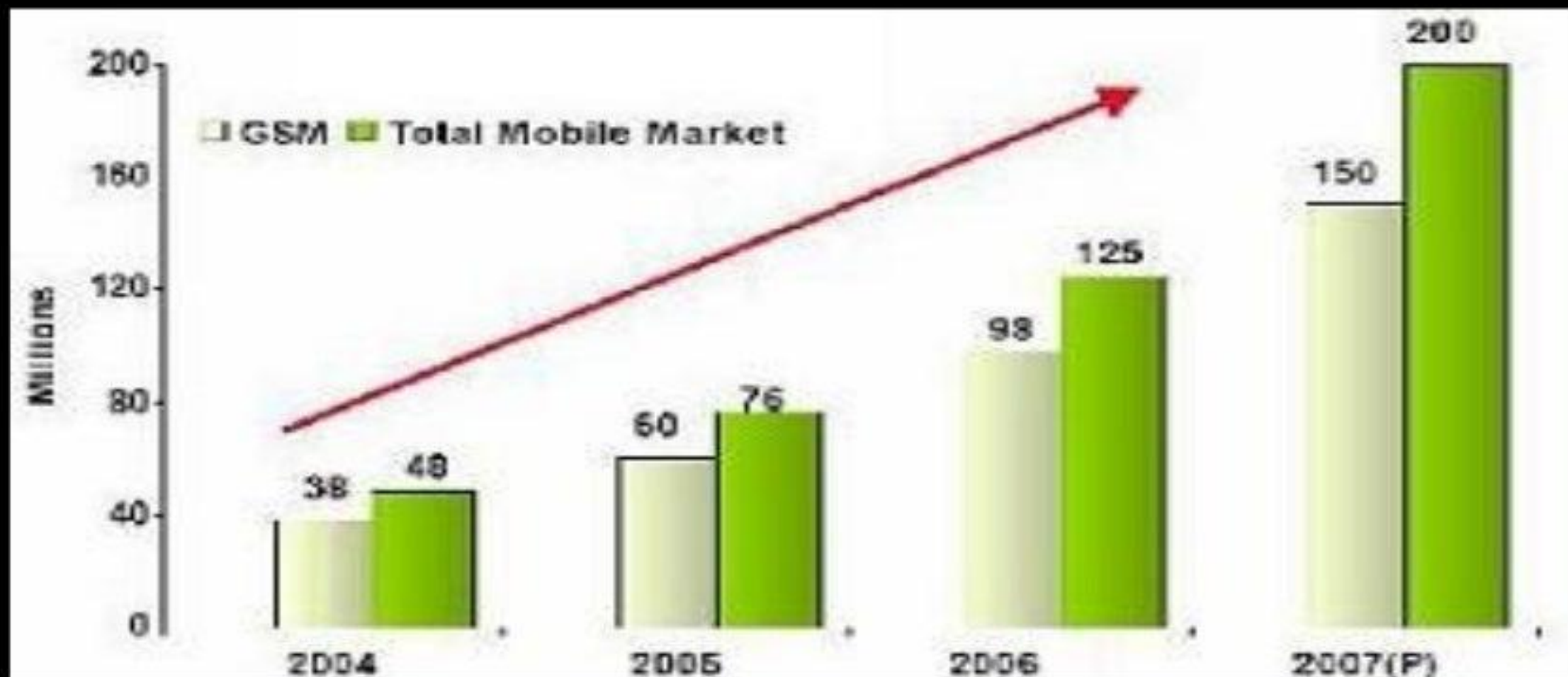
	and Mahanagar Telephone Nigam Limited (MTNL) for service in metropolitan areas.
1997	Telecom Regulatory Authority of India created.
1999	Cellular Services are launched in India. New National Telecom Policy is adopted.
2000	DoT becomes a corporation, BSNL

# Overview of Telecom Industries

- Indian Telecom sector, like any other industrial sector in the country, has gone through many phases of growth and diversification. Starting from telegraphic and telephonic systems in the 19th century, the field of telephonic communication has now expanded to make use of advanced technologies like GSM, CDMA, and WLL to the great 3G Technology in mobile phones. Day by day, both the Public Players and the Private Players are putting in their resources and efforts to improve the telecommunication technology so as to give the maximum to their customers.



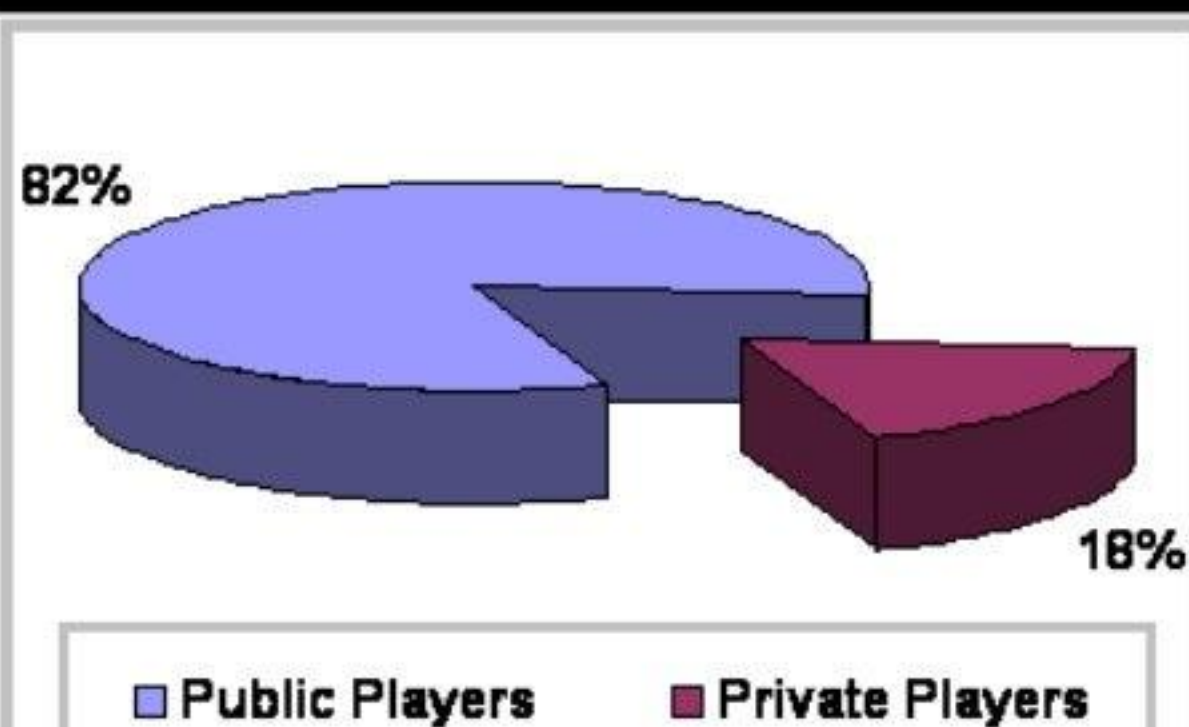
- The Indian telecom sector can be broadly classified into Fixed Line Telephony and mobile telephony. The major players of the telecom sector are experiencing a fierce competition in both the segments. The major players like BSNL, MTNL, VSNL in the fixed line and Airtel, Hutch, Idea, Tata, Reliance in the mobile segment are coming up with new tariffs and discount schemes to gain the competitive advantage. The Public Players and the Private Players share the fixed line and the mobile segments. Currently the Public Players have more than 70% of the market share.



## Fixed-line Telephony

Public Players  
Subscribers

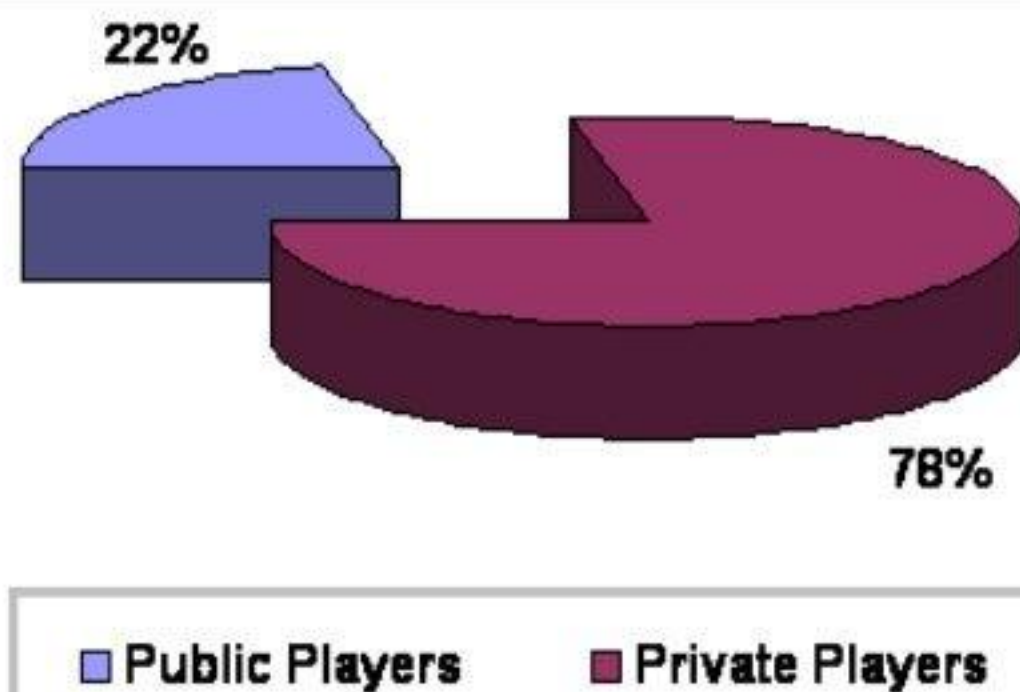
Private Players  
Subscribers



## Mobile Telephony

Public Players  
Subscribers

Private Players  
Subscribers

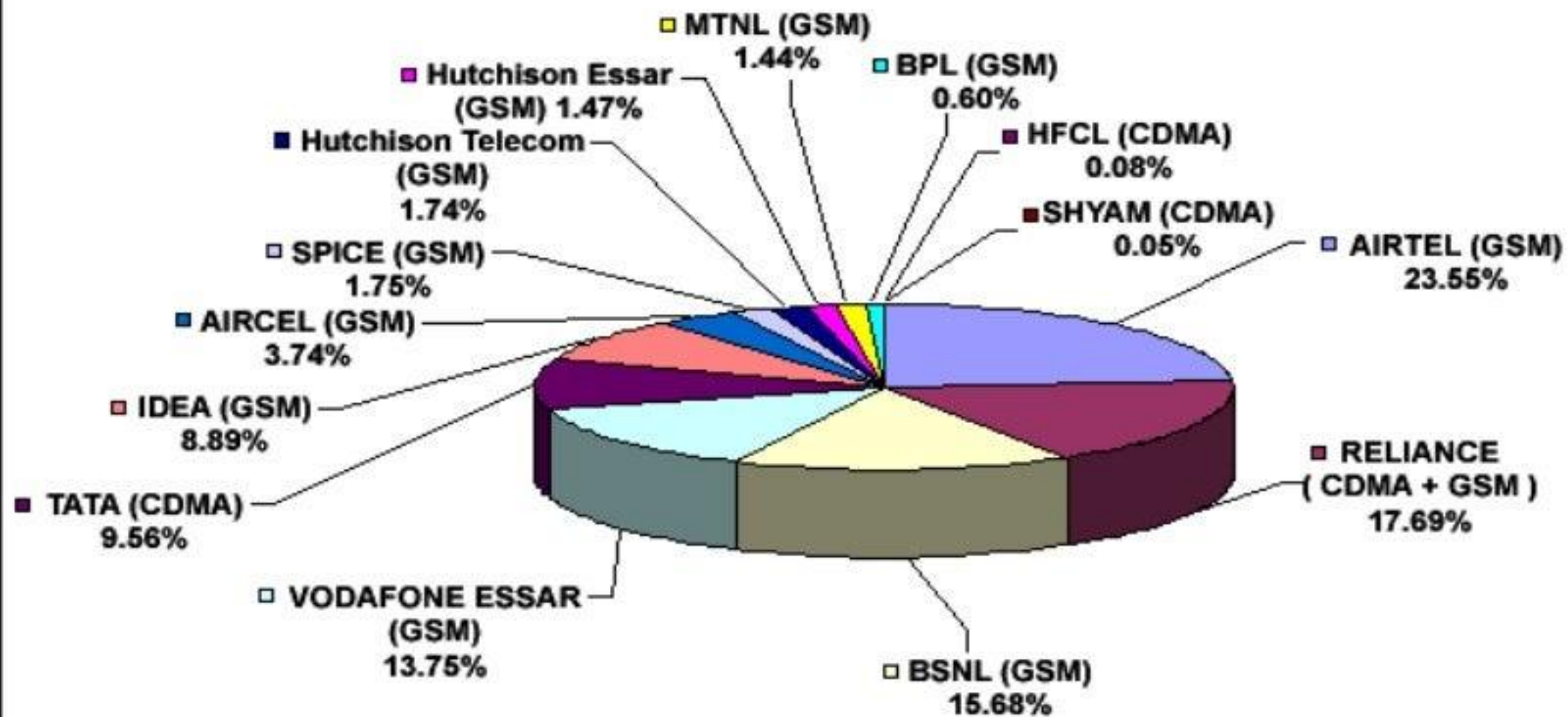




# India

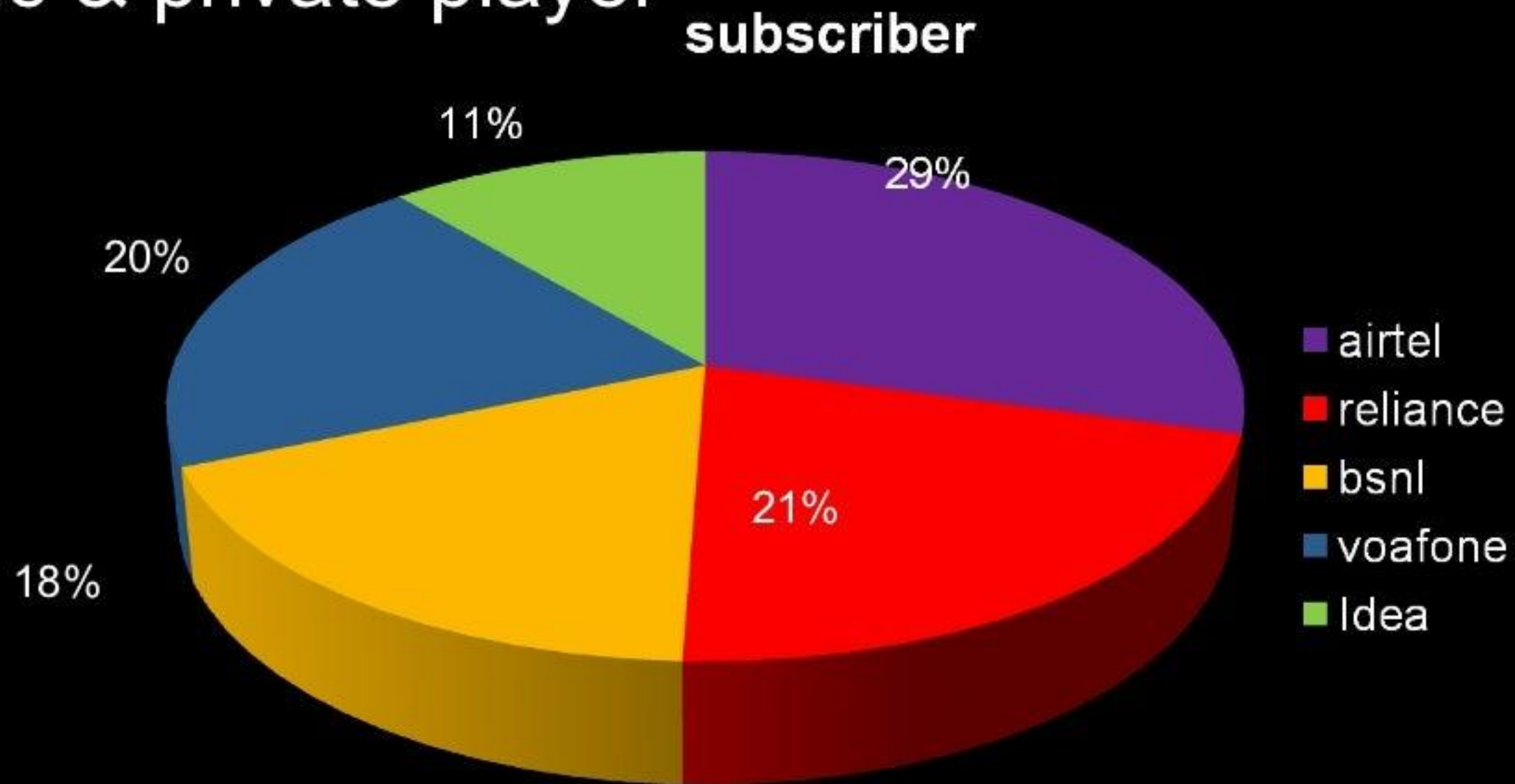
- India has a 700 million people living in 638,000 villages
  - per-capita income of \$ 0.40 per day)
- As per DoT statistics 500,000 villages have telephone access.

Group Company wise Market Share as on 30/06/07



# Scope of Telecom Industries

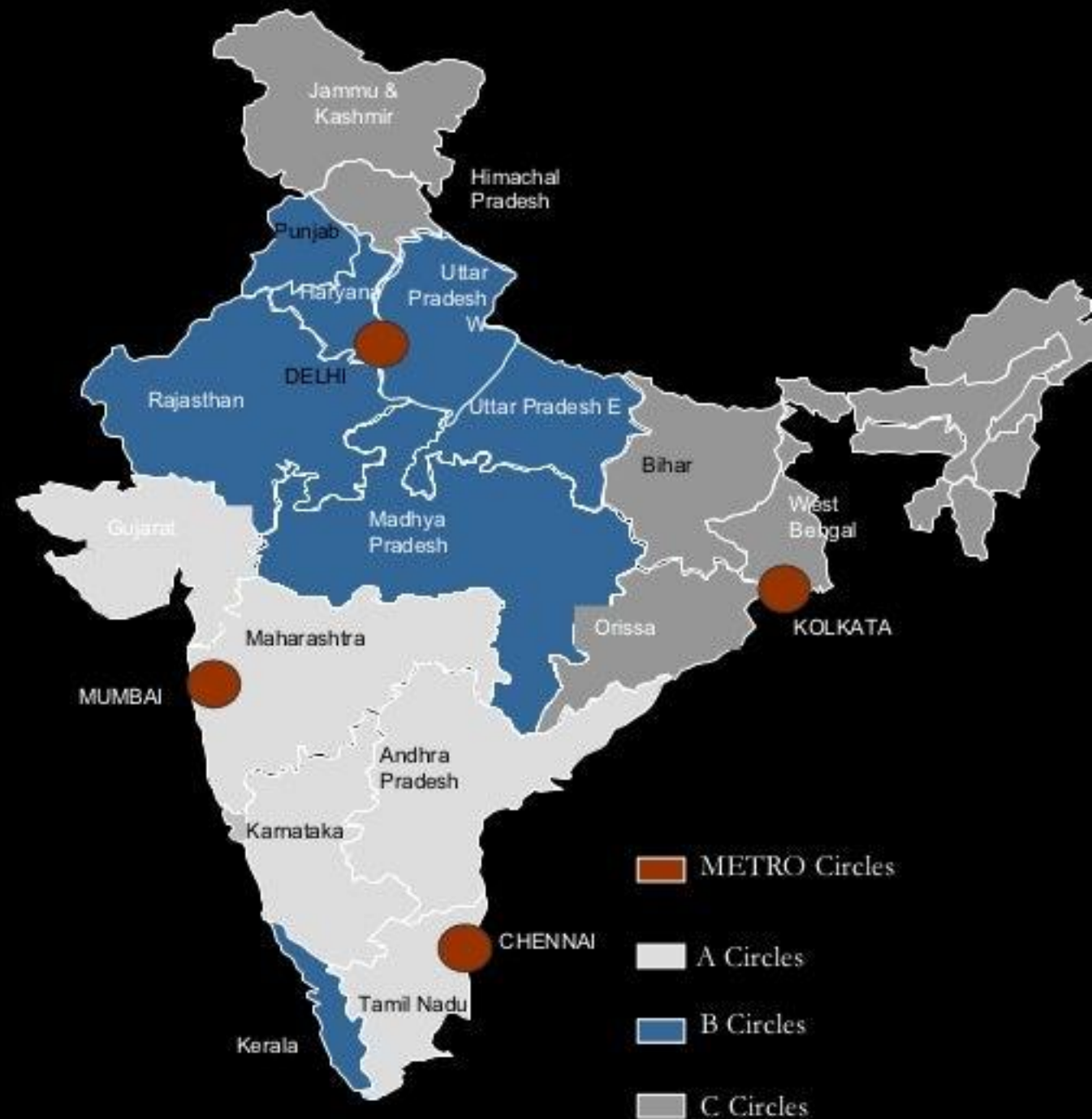
- Public & private player





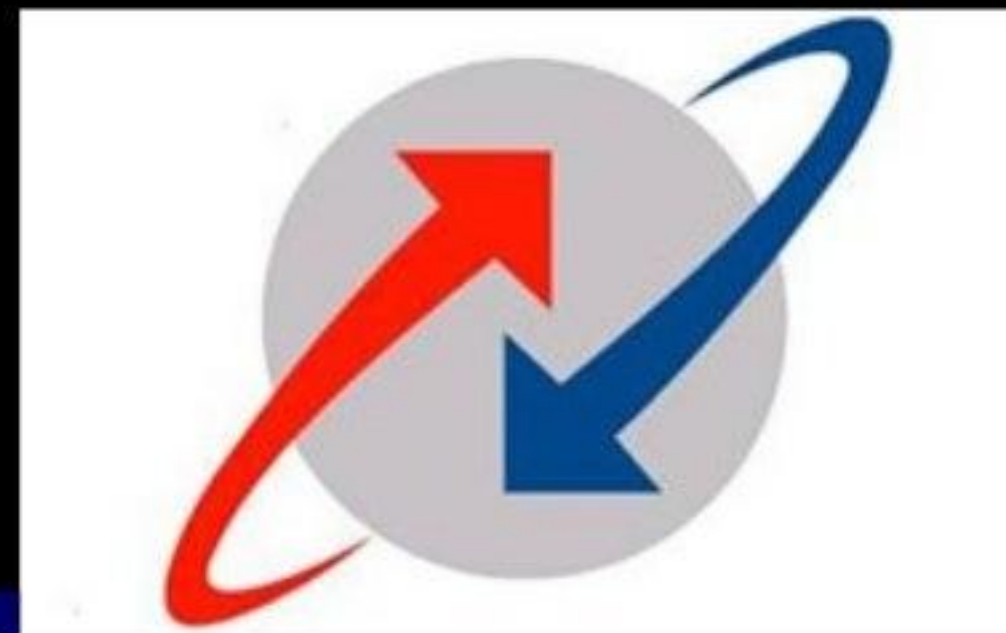
# Market structure

- **Divided into 22 circles**
  - 4 metros
  - 19 circles
    - Further divided into A, B and C category based on economic parameters and revenue potential
- Each circle has a licenses
  - Four operators per circle are allowed
  - Licenses are saleable

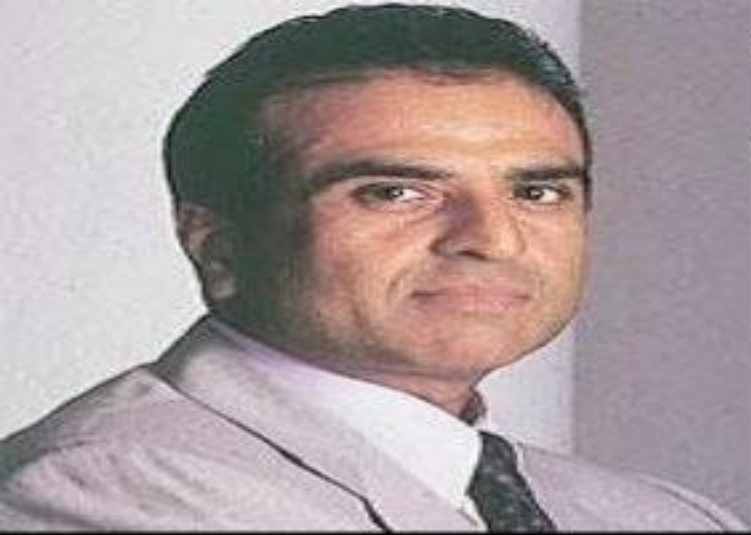


# Players of Telecom Industries

- Airtel
- BSNL
- Vodafone
- Reliance
- Idea







# AIRTEL

Established in 1995 by Sunil Mittal as a Public Limited Company, Airtel is the largest telecom service provider in Indian telecom sector. With market capitalization of over Rs. 1,360 billion, Airtel has 31% of total market share of GSM service providers. Providing GSM services in all the 23 circles, Airtel was the first private player in telecom sector to connect all states of India. Also, Airtel is the first mobile service provider to introduce the lifetime prepaid services and electronic recharge systems.







# BSNL (Bharat Sanchar Nigam Ltd.)



- Founded in 2000, Bharat Sanchar Nigam Ltd. In 2005-06, the BSNL earned revenues of Rs. 40,177 crore, & In 2007-08, the BSNL earned revenues of Rs.38,053 crores. India's largest public sector Telecommunications Company providing a wide variety of telecom services. Its service range covers Wireline, CDMA mobile, GSM Mobile, Internet, Broadband, Carrier service, MPLS-VPN, VSAT, VoIP services, IN Services, etc.





# VODAFONE



- Vodafone Essar in India is a subsidiary of Vodafone Group Plc and commenced operations in 1994 when its predecessor Hutchison Telecom acquired the cellular licence for Mumbai. Vodafone Essar now has operations in 20 circles with over 54.63 million customers. Vodafone is the world's leading international mobile communications company. It now has operations in 25 countries across 5 continents and 40 partner networks with over 269 million customers worldwide. Vodafone has partnered with the Essar Group as its principal joint venture partner for the Indian market.





# RELIANCE



Established in 2002, Reliance communication is the wholly owned subsidiary of Anil Dhirubhai Ambani Group of Companies providing the telecommunication services. Reliance offers prepaid and postpaid mobile services with R-world and fixed line services with broadband services. In 673 cities, Reliance Communications offers a wide range of telephony services. With an optical fiber network of 80,000 kms, the company aims at providing best services to its customers.





# IDEA



- Established by AT&T, Aditya Birla Group and Tata Group as joint venture, Idea Cellular, is a part of Aditya Birla Nuvo, a flagship company of the Aditya Birla Group, Idea is growing its network in 11 circles. Idea offers both prepaid and post paid services in the GSM network. Having 13% market share, Idea has a base of 2.3 crores subscribers all over the country. A three-year contract was signed between Idea cellular and Ericsson for GSM expansion. The network will now cover Maharashtra, Gujarat, Rajasthan, Madhya Pradesh and Himachal Pradesh telecom circles (operator-licensed areas).

# Market Strategy of Vodafone



- Our strategic objective is
  - Innovate and deliver on customer's total communications needs.
- Vodafone too, needed to educate consumers about cellular telephony:-
  - Can I call std?
  - Can I use my phone in a lift?
  - what is airtime?



# Commercial Strategy of Vodafone



- Rebranding
  - Stores
  - Mass media coverage
- Innovative distribution to reach the customer
  - Exclusive shops
  - Hub and spoke
  - Associate distributions
- Customer service
  - Shops and call centers
  - Vans
  - Help desks

# Market Strategy of Airtel



- We positioned Airtel as an inspirational and lifestyle brand, in a way that trivialized the price in the mind of the consumer. It was pitched not merely as a mobile service, but as something that gave him a badge value.
- Airtel strategy us to be a leader in
  - Innovations
  - network
  - offers and services