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ANALYSIS**

TOPIC

**Indian Telecom Industry
Landscape**

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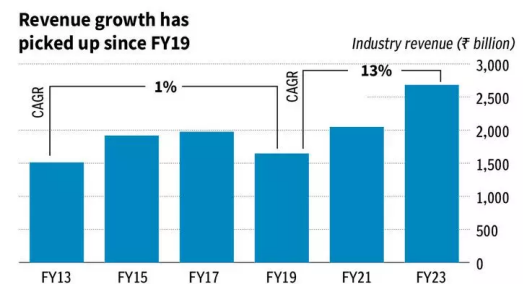
INDIAN TELECOM INDUSTRY LANDSCAPE

In News

- The telecom sector witnessed a **1.88 per cent sequential growth** in adjusted gross revenue (AGR), reaching Rs 67,835 crore in the third quarter (October-December) of FY24.

About the Telecom industry

- The Indian telecom industry with one of the world's highest data traffic per connection offers immense growth potential.
- Industry revenue **growth has accelerated after FY19** with **CAGR of 13 per cent (FY19-23)**, compared to just 1.4 per cent during FY13-19.
- Industry consolidation (number of service providers has dropped from 10 in 2017 to just 4 in 2023) augurs well for future pricing growth.
- The industry's revenue witnessed a decline of negative six per cent CAGR during FY16-19 due to heightened competitiveness and pricing pressure.
- Since FY19, revenue has been on a steady rise with revenue CAGR of 13 per cent during FY19-23.



Importance

- The sector has played a vital role in **India's economic growth and development** over the past few decades.
- The telecommunication sector is instrumental in the **development and poverty reduction** through the empowerment of the masses, unlocking economic growth, employment generation, bringing in FDI, and digital transformation of essential services like education, healthcare, financial services, etc.
- Target 9c of the Sustainable Development Goals (SDGs)** advocates significantly increasing access to information and communications technology and striving to provide universal and affordable access to the Internet in least-developed countries by 2020.
- The telecom sector played a pivotal role during the **Covid-19 lockdown**, enabling healthcare management, uninterrupted education, and facilitating various other essential services.
- The transition from 2G to 4G, and now the imminent advent of 5G has been instrumental in reshaping how Indians connect, communicate, and consume content.

Related Initiatives

- Government schemes and initiatives, including **National Digital Communications Policy 2018**, and the **BharatNet project** have played important roles in fostering indigenous manufacturing, expanding digital infrastructure, and bridging the urban-rural digital divide.
- Foreign Direct Investment:** The Government of India approved **100% FDI** in the telecom sector under an automatic route to encourage investment.
- Production Linked Scheme**, with a financial outlay of INR 12,195 Cr, was launched in 2021 for a period of five years to provide a 4% to 7% incentive on incremental sales over the base year to promote the manufacturing of design-led telecom and networking products manufacturing in India.
- Telecommunications Act, 2023** provides that the Central Government may permit the sharing, trading, leasing and surrender of assigned spectrum, subject to the terms and conditions, including applicable fees or charges, as may be prescribed.

Challenges

- While services have become more affordable, **shortcomings in quality persist**.
- Menaces such as call drops, pesky calls and cyber frauds continue to plague consumers, underscoring the need for continued vigilance and innovation to ensure a seamless and secure digital experience for all.

- Furthermore, the **competitive dynamics** within the telecom sector have had profound repercussions.
- Many disrupted the market with its aggressive pricing strategies, ushering in a wave of affordability previously unseen in the Indian telecom sector.

Conclusion

- Telecom is a critical tool for development, governance, and ease of doing business, to ensure that fibre and wireless network is available across India, the government has adopted a multipronged strategy.
- India's Telecom sector has witnessed stupendous growth in the last few years.
- However, as we navigate this digital landscape, it's imperative to address challenges and forge ahead with innovation and inclusivity, ensuring that the benefits of digitalisation are accessible to all.

DAILY MAINS PRACTICE QUESTION

[Q] In the last few years , the Indian telecommunications landscape has evolved, propelling the nation into the digital age.Comment

