A REVIEW ON CHALLENGES AND OPPORTUNITIES OF MOBILE PHONE SERVICE PROVIDERS IN INDIA

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ABSTRACT

Telecom industry services in India are a major contributor of national economy. A steadily growing industry has certain challenges and also opportunities. In that juncture, authors have revealed mobile phone (cellular) service providers challenges and opportunities in India. Using Meta analysis, the real challenges and opportunities persisted in the telecom industry has been identified. The challenges of mobile phone (cellular) service providers are competition, advertisement, sales, marketing, next generation of technology (5G), mobile phone manufacturers, net banking, and social media. The opportunities of mobile phone (cellular) service providers are next generation of technology (5G), technology updates, emerging new Social Medias depended with mobile phone that needs high speed data, mobile banking and green banking, corporate advertisement and marketing through mobile app, online educational services, and all type of payment related sales through mobile phone. The findings and suggestions and conclusion of the present paper will definitely admire the stakeholders of the industry.

Keywords: Challenge, Opportunity, Mobile Phone, Service Providers, and Telecomm

Introduction

Connecting people is a service for their needs through wireless transmission of data by the way of GSM, CDMA and VoLTE (Voice over Long Term Evolution) technology. The present moment in India service providers strategies have been entrusted to fetching large number of subscribers and also certain significant level of subscribers have been migrated to other service providers due to their desires of data speed, cost and coverage in respective localities. The impact of competition, advertisement strategies, sales target, marketing environment, next generation of mobile data transmission technology (5G), new inventions in mobile phone manufacturing, net banking facilities, and social media needs of the subscribers are urged the mobile phone (cellular) service providers in to challenging the business. They also expected their business to be extended their services as opportunities of mobile phone (cellular) service providers are next generation of technology (5G), technology updates, emerging new Social Medias depended with mobile phone that needs high speed data, mobile banking and green banking, corporate advertisement and marketing through mobile app, online educational services, and all type of payment related sales through mobile phone. The people are accustoming with smart mobile phone data usage have been grown up day-by-days. The authors
have revealed the previous studies in respect of challenges and opportunities of mobile phone service providers in India for the benefit of stakeholders.

**Mobile Phone Service Providers**

India’s spectrum allocation for public wireless services should be enhanced significantly on various frontiers to realize digital infrastructure as a core utility under Digital India. Also, the cost of spectrum relative to per capita GDP is high. It is important that India builds a more favourable spectrum policy in the 5G era. The major service providers in India are BSNL + MTNL, Reliance Jio Infocomm, Airtel + Tata DoCoMo, and Vodafone Idea Ltd.

**Growth of wireless telecom subscribers**

The number of telephone subscribers in India increased from 1,203.77 million at the end of Jan-19 to 1,205.40 million at the end of Feb-19, thereby showing a monthly growth rate of 0.14%. The urban subscription increased from 672.91 million at the end of Jan-19 to 675.24 million at the end of Feb-19, however, the rural subscription declined from 530.86 million to 530.16 million during the same period. The monthly growth rates of urban and rural subscription were 0.35% and -0.13% respectively during the month of Feb-19. The overall Tele-density in India increased from 91.82 at the end of Jan-19 to 91.86 at the end of Feb-19. The Urban Tele-density increased from 161.34 at the end of Jan-19 to 161.65 at the end of Feb-19, however Rural Tele-density declined from 59.38 at the end of Jan-19 to 59.27 at the end of Feb-19. The share of urban and rural subscribers in total number of telephone subscribers at the end of Feb-19 was 56.02% and 43.98% respectively. Out of the total wireless subscribers (1,183.68 million), 1,022.62 million wireless subscribers were active on the date of peak VLR in the month of Feb-19. The proportion of active wireless subscribers was approximately 86.39% of the total wireless subscriber base. The major market share of wireless telecom subscribers are held by Vodafone Idea Ltd as on 28th February 2019. It has 334.10 million wireless subscribers because of its data speed, services and coverage. It has the market share of 34.58 per cent. The Vodafone Idea Ltd is owned by Vodafone Group (45.1%), Aditya Birla Group (26%) and Axiata Group Berhad Providence Equity (28.9%). Vodafone Idea Ltd provides the technologies of GSM, LTE in various Megahertz from 2100 to 2500 and VoLTE.

Jio is the second position in holding the market share of 30.25 per cent. It has wireless subscribers 306 million wireless subscribers because of its offering free data and providing the data at a low cost. It has owned by Reliance Industries Limited. Jio provides the technologies of LTE in various Megahertz from 850 to 2300 and VoLTE.

Airtel+Tata DoCoMo are the third position in holding the market share of 30.19 per cent. It has wireless subscribers 301.04 million wireless subscribers because of its wider network. It has owned by Bharti Enterprises (64%) and Sign Tel (36%). Airtel+Tata DoCoMo provide the technologies of GSM, LTE in various Megahertz from 900 to 2300 and VoLTE.

BSNL+MTNL are the fourth position in holding the market share of 10.11 per cent. It has wireless subscribers 119.66 million wireless subscribers because of its state owned wider network. It has owned by Government of India. BSNL+MTNL provide the technologies of GSM, LTE in various Megahertz from 2100 to 2500 and VoLTE.
The following graphical representation is expressed the growth of VLR (Visitor Location Register) subscribers.

Source: Telecom Regulatory Authority of India, Press Release No. 27/2019

It is very clearly understood that Bharti has been held with 96.8 per cent of VLR subscribers; Vodafone Idea has been held with 92.2 per cent of VLR subscribers; and R Jio has been held with 84 per cent of VLR subscribers. Therefore, Bharti, Vodafone Idea and R Jio are the major player of private mobile phone service provider.

BSNL and MTNL are having the problems of operating expenses due to various administrative problems are persisted by means of political and marketing threatening. The growths of its subscribership are continuously in declining stage. The hurdles are to be removed by adopting new technology and updating its version of services on par with private service providers. In the Digital Era of India, BSNL and MTNL have been facing problem is very sorrow of citizen. The spectrum distribution is definitely for the purpose of making money by private corporate. The Government of India is failed to adopt the facilities of spectrum for the general public usage.

**Review of literature**

The following table portrays the review of literature with the details of authors, year, findings/recommendations and concluding points and content of the study.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Findings/recommendations and concluding points</th>
<th>Content of the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anand Deo ²</td>
<td>2017</td>
<td>Telecommunication sector has become an integral part of the Indian economy. While the industry is working under stringent regulations, latest government policies are providing this sector with good growth opportunities through reduced spectrum charges and flexible rate plans.</td>
<td>Challenge and Opportunity</td>
</tr>
</tbody>
</table>
Most analysts had expected telcos to avoid bidding for the band, given the steep price, the financial strain on the debt-ridden telecom industry and more intense competition following the entry of Reliance Jio Infocomm Ltd. Identified challenges are Substantial Investments in 4G Infrastructure, Lack of Telecom Infrastructure in Semi-rural and Rural areas, Pressure on Margins Due to Stiff Competition, Rapidly Falling ARPU (Average Revenue Per User), Delays in Roll Out of Innovative Products and Services, Limited Spectrum Availability and Low Broad Band Penetration. The opportunities are notified as Boost to Telecom Manufacturing Companies, Continuous Enhancements to the Mobile Value Added Services (MVAS), Expeditious Roll-out of 4G Services, Infrastructure Sharing, Availability of Affordable Smart Phones and Lower Tariff Rates, and Rural Telephony—Connecting the Real India.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Challenges and Opportunities: Mobile Broadband</th>
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<tbody>
<tr>
<td>Rahul Gupta and Shantipriya Parida</td>
<td>2013</td>
<td>End to End Quality of Service (E2E QoS) Delivery in which Backhaul challenge, Site setup challenge and Scalability challenge. Drop in MBB Revenue, Increase Bandwidth Consumption, Device innovation, Popularity of smart phone applications, and Long Term Evolution Technology. The opportunities are Transformation from Mobile to Smart Broadband and Monetization of Data Services in which Seamless delivery and service (one customer – many devices), Moving towards personalized packages, Monetize OTT services usage, and Network analytics; and Cloud-Based Services. They have concluded that Mobile broadband opening up new internet experiences, unlocking new opportunities and it is becoming a force to change the socioeconomic levels in every corner of the globe. The current research conveys that subscribers want operators to be more trustworthy, uncomplicated and honest.</td>
</tr>
<tr>
<td>Telecom Regulatory Authority of India</td>
<td>2017</td>
<td>The need for the policy and regulatory framework to evolve along with this convergence has already become one of the key challenges for regulators across the globe. Yet, even as convergence is undeniable, there continue to be many significant differences between these sectors, in terms of their genesis, market structures and the regulatory frameworks governing them. Accordingly, TRAI find it useful to highlight the developments in each of these areas through dedicated sections in the report.</td>
</tr>
<tr>
<td>KPMG</td>
<td></td>
<td>Need new Policy Framework due to advance technology in the telecomm services. The key challenges of mobile phone service providers in India are installation of telecomm towers, Uniformity in guidelines for telecom tower installation in government</td>
</tr>
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<td></td>
<td></td>
<td>Challenges: installation of telecomm</td>
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</tbody>
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Rahul Gupta and Shantipriya Parida

2013

End to End Quality of Service (E2E QoS) Delivery in which Backhaul challenge, Site setup challenge and Scalability challenge. Drop in MBB Revenue, Increase Bandwidth Consumption, Device innovation, Popularity of smart phone applications, and Long Term Evolution Technology. The opportunities are Transformation from Mobile to Smart Broadband and Monetization of Data Services in which Seamless delivery and service (one customer – many devices), Moving towards personalized packages, Monetize OTT services usage, and Network analytics; and Cloud-Based Services. They have concluded that Mobile broadband opening up new internet experiences, unlocking new opportunities and it is becoming a force to change the socioeconomic levels in every corner of the globe. The current research conveys that subscribers want operators to be more trustworthy, uncomplicated and honest.

Telecom Regulatory Authority of India

2017

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KPMG

The key challenges of mobile phone service providers in India are installation of telecomm towers, Uniformity in guidelines for telecom tower installation in government

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<tr>
<td>2017</td>
<td>For Affordable Internet, Asian Development Bank, GSMA and the World Economic Forum</td>
<td>Recommendations from Alliance for Affordable Internet</td>
<td>Global Internet Report 7</td>
</tr>
<tr>
<td>2016</td>
<td>Kapil Kumar</td>
<td>All operators must aspire to take their pie in the overall data market space.</td>
<td>Key Challenges of Telecom Sector in India</td>
</tr>
<tr>
<td>2016</td>
<td>The Mobile Economy</td>
<td>Although digital convergence is benefitting consumers, it also creates regulatory challenges.</td>
<td>Challenges</td>
</tr>
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</table>

Premises, Operating challenges with respect to power, Reclassification of common infrastructure, Security protection of telecom infrastructure, Lack of infrastructure status benefits, Challenges related to taxation structure, and Exclusion of telecom towers from availing CENVAT credit.
implement reforms that will protect competition and consumers without impeding social and economic progress. In most markets, regulatory policies and institutions need to be reviewed, and potentially overhauled.

| **Vani Kola et al**<sup>10</sup> | 2017 | In most developed markets, telecom operators get more revenue from data than voice. In India telecom players get 50% of revenue from voice and 20% from data. But in the next 3-4 years this balance will reverse and data will become a major contributor to the top line. It is estimated that 500M subscribers will consume average 10GB data per month as compared to 120M subscribers consuming average 1GB data per month in 2016. This is 40 time increases in total data consumption. The 4 time increase in 3G/4G connected smart phone users and 40 time increase in data consumption will open massive opportunities for consumer internet companies. Depending on the sector - e-commerce, digital media or financial services - companies will still be required to solve India specific challenges. But a strong foundation is being laid through rapid smart phone and 3G/4G mobile data penetration for internet economy to thrive. | India Internet Challenge and Opportunity |
| **TeleTech Report**<sup>11</sup> | 2014 | India’s mobile service providers (MSP’s) have yet to tap the full potential of rural India, as large parts of rural India is in dire need of telecom services. Bridging the rural-urban digital divide is critical for India’s inclusive growth in financial, healthcare and education sector, among others. The challenge, however, is to deliver a mobile service to rural users, that is viable and profitable at the current low levels of average revenue per user. | Addressing the rural challenge |
| **Robin Mansell**<sup>12</sup> | 2012 | The complex challenge of enabling people to acquire the knowledge essential for developing innovative applications that are responsive to their local needs, however, is being neglected. The necessary digital skills include operational expertise and an understanding of information structures when the mobile phone is used as a medium for communication. They also include information search and selection skills, communication and content creation skills, and strategic skills needed to use mobile phones in ways that support individual or professional goals. The widespread failure to acquire these abilities is limiting opportunities for empowerment through the use of mobile phones. | Challenge of enabling people to acquire the knowledge essential |

**Conclusion**

Authors have revealed the previous studies and reports pertaining to the challenges and opportunities of mobile phone service providers in India. From these reviews authors have been
understood that there is existence of challenges and opportunities in the mobile phone service providers in India. They are finding the solutions to eradicate and wiped-out the challenges in the future for the betterment of the future generation. The major challenges of the mobile phone service providers in India is advertisement, sales, marketing, next generation of technology (5G), mobile phone manufacturers, net banking, social media, installation of telecomm towers, towers maintenance cost and lack of infrastructure, enabling people to acquire the knowledge essential, addressing the rural challenge, digital markets, harming competition, slowing innovation, and ultimately depriving consumers of the benefits of technological progress. The opportunities are transformation from Mobile to Smart Broadband and Monetization of Data Services in which Seamless delivery and service (one customer – many devices), Moving towards personalized packages, Monetize OTT services usage, and Network analytics; and Cloud-Based Services; next generation of technology (5G), technology updates, emerging new Social Medias depended with mobile phone that needs high speed data, mobile banking and green banking, corporate advertisement and marketing through mobile app, online educational services, and all type of payment related sales through mobile phone; and also depending on the sector - e-commerce, digital media or financial services - companies will still be required to solve India specific challenges. But a strong foundation is being laid through rapid smart phone and 3G/4G mobile data penetration for internet economy to thrive.

Reference:

2 Telecom Regulatory Authority of India, Press Release No. 27/2019, p 2
6 Indian Registered Partnership and a member firm of the KPMG network of independent member, 2017
7 Internet Society Global Internet Report 2015 on mobile Internet, “challenges and opportunities specific to the Asia-Pacific region”, p 6
8 Kapil Kumar, “Key Challenges of Telecom Sector in India”, International Journal Of Engineering Research And Development, Volume 13, Issue 9 (September 2017), PP.05-08
9 GSMA Head Office, United Kingdom.