

## TELECOM SECTOR



### SECTOR OVERVIEW

India is the world's second-largest telecommunications market with a subscriber base of 1.16 Billion (wireless and wireline subscribers) as reported in 2022. The Telecom Sector is the 3<sup>rd</sup> largest sector contributing 6% of the Foreign Direct Investment (FDI) equity inflow, as in December 2022. The Telecom Sector is divided into various sub-sectors inter alia infrastructure, equipment, mobile virtual network operators, 5G telephone service providers, broadband, etc.

### MARKET SIZE

- As per GSM Association, India is on its way to become the 2<sup>nd</sup> largest smartphone market globally by 2025 with around 1 Billion installed devices and is expected to have 920 Million unique mobile subscribers by 2025 which will include 88 Million 5G connections.
- It is also estimated that 5G technology will contribute approximately USD 450 Billion to the Indian Economy during 2023-2040.
- The Government recently conducted the 5G spectrum auctions in August 2022, in which Reliance Jio emerged as the top buyer of airwaves at Rs. 88,000.00 Crores (USD 10.68 Billion as on 03.04.2023), followed by Bharti Airtel at Rs. 43000.00 Crores (USD 5.22 Billion as on 03.04.2023). The 3 (three) telecom giants, namely, Reliance Jio, Bharti Airtel and Vodafone Idea are ready to roll out commercial 5G services soon.
- The 5G connectivity in comparison to 4G, provides higher bandwidth, speed and capacity and the said 5G services would be used mostly in the gaming industry, Internet of Things (IoT), Artificial Intelligence (AI), robotics, cloud computing, logistics, automobile and healthcare industries.



## INVESTMENTS



- ✓ The Cumulative FDI equity inflow in the Telecom Sector stood at USD 39.02 Billion during the period of April 2000-September 2022.
- ✓ In February 2023, the Swedish giant, Ericsson has increased investments in India to manufacture 5G radio telecommunication equipment to support the network deployments of Indian telecom service providers, mainly, Airtel and Jio, who have selected Ericsson as their partner to deploy 5G networks in the Country.
- ✓ Reliance Industries has committed to invest Rs 2 Lakh Crore (USD 24.2 Billion as on 03.04.2023), for rolling out a 5G network across India, by December 2023.
- ✓ In January 2022, Google made a USD 1 Billion investment in Airtel, by acquiring 1.28% stake of Airtel's equity. The said amount is a part of the USD 10 Billion 'Google for India Digitization Fund'.
- ✓ In October 2021, British based Inmarsat Holdings Ltd. announced that it is the first foreign operator to get India's approval to sell high-speed broadband to planes and shipping vessels. Inmarsat's services will be available in India through its strategic partner, Bharat Sanchar Nigam Ltd. (BSNL), which has received a license from the Department of Telecommunications in 2022 for provision and operation of satellite-based services using a gateway installed in India.

## GOVERNMENT INITIATIVES

- In the Union Budget 2023-24, the Department of Telecommunications has been allocated around Rs. 97579.05 Crores (USD 11.84 Billion as on 03-04-2023).
- FDI in Telecom Sector is now allowed up to 100% through Automatic Route.
- Prime Minister Wi-Fi Access Network Interface (**PM-WANI**) envisages to elevate seamless WiFi internet connectivity in the Country through public WiFi hotspots. Businesses can register on the Portal and become a PM-WANI service provider.
- 'Tarang Sanchar', 2017 an initiative of the Department of Telecommunication for dissemination of information to public about location of mobile towers and about norms prescribed for safety against electromagnetic field (EMF) radiation emissions.
- Bharat Net Project 2011 aims to provide rural internet connectivity phase-wise by enabling access providers such as mobile operators, internet service providers, cable TV operators, etc. to launch and provide various services such as e-health, e-education and e-governance in rural and remote areas of the Country.

## ROAD AHEAD



The Indian Government is expected to complete the Mission of developing 100 smart cities by 2023 and IoT will play a vital role in developing these cities. A major force behind meeting the telecom industry's present and future technological needs is the Atmanirbhar Bharat program. There has been a push towards developing indigenous 5G technology to help India move towards 5G rapidly. India is also planning for 6G and has started investing in the development of 6G technology already.

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