

And now, every fourth Indian is connected

Every one in four Indians has a phone now, thanks to the scorching pace at which the burgeoning telecom services sector grew in the last fiscal, says an annual survey .

With the total wireless subscriber base crossing 261 million as on March 31, wireless connectivity forms 22 percent of the total tele-density at 25 percent across the country, the survey adds.

The annual survey by Voice and Data of CyberMedia group revealed that the Indian telecom subscriber base zoomed by 66 percent year-on-year (YoY) in the fiscal under review over the previous year.

'A booming economy, easing of entry barriers and lowering of tariffs fuelled the growth in FY 2008, with 104 million new subscribers getting connected and making India the second fastest growing telecom market in the world,' CyberMedia publisher Prasanto K. Roy said Tuesday, citing the survey findings.

The trigger for rapid telecom service growth was the revolutionary telecom policies of the present United Progressive Alliance (UPA) and the previous National Democratic Alliance (NDA) governments, resulting in affordable connectivity to a common man.

"With India's telecom tariffs still the lowest in the world, there's enormous and sustained growth beyond the metros. So telcos see huge opportunity in the three-fourths of Indians still untouched by the mobile phone revolution,' Roy noted.

Leading the growth was the proliferating cellular service in urban and rural areas, accounting for 59 percent of the total revenue, followed by fixed line and international long distance (ILD).

'A whopping 104 million more subscribers were connected during the fiscal under review, with about 50 percent of them originating from tertiary and rural areas,' the survey said.

Thriving in the growing market, the Indian telecom services industry generated Rs.1,306 billion (\$31 billion) in 2007-08, registering 21.3 percent growth.

Mobile, fixed line, national long distance (NLD), ILD, broadband, VSAT (very small aperture terminal) and radio-trunking constitute the telecom services industry.

Growing at 36.4 percent YoY, revenue from mobile service increased to Rs. 766 billion from Rs. 562 billion in the previous fiscal (FY 2007).

Majority of new mobile subscribers is from towns and villages with less than 200,000 population. The mobile network covers about 50 percent of the 600,000 towns and villages across the country.

'The mobile services are available from over a million outlets, which exceed that of FMCG (fast-moving consumer goods) or postal outlets. Expansion into rural areas, lowering entry price of handsets through freebies and customer retention efforts have helped operators to ramp up their subscriber-base and revenues,' Roy pointed out.

In contrast, revenue from fixed line declined by 11.6 percent to Rs.267 billion from Rs.302 billion in the previous fiscal. Revenue growth from ILD service remained flat at Rs.115 billion. Both the services respectively accounted for 20.4 percent and 8.8 percent of the industry revenue.

Revenue from NLD service, however, grew by 35.4 percent to Rs.97 billion from Rs.72 billion, accounting for 7.5 percent of the total revenue.

Unlike in previous years, broadband service witnessed a phenomenal growth of 163 percent YoY to generate Rs.54 billion as against Rs.20 billion in the previous fiscal. The subscriber base grew to 3.9 million in the last fiscal from 2.5 million in the previous year.

The telcos also have to leverage SMS, data, and other value-added services to remain profitable in the face of the low and falling ARPU (average revenue per user).

The top five service providers vie for a larger share of the growing telecom pie. State-run BSNL (Bharat Sanchar Nigam Ltd) leads the pack with Rs.353 billion despite 12 percent decline from the previous fiscal,' Roy pointed out.

BSNL is followed by Bharti Airtel, with Rs.264 billion, Reliance Communications Rs.186 billion and Vodafone Rs.155 billion, respectively.

The top five operators based on cellular subscriber base are Bharti (62 million), Reliance (46 million), Vodafone (44 million), BSNL (41 million) and Idea cellular (24 million).

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