

## **Preface**

Indian Telecommunication services sector was wholly under the government control until 1994, giving the impression that it was a 'natural monopoly'. However, following liberalization and dismantling of licence-raj system competition in telecommunication services industry has become stiffer, with the entry of more and more private companies (national and multinational) in the Indian Telecommunication services industry. The discrimination between the services provided by a national company and a foreign company is done away with. GATS agreement has facilitated structural changes from monopoly to duopoly and from duopoly to oligopoly and thereafter to competition. But, judicial interference brought it back to oligopoly and Indian telecommunication services sector is in the oligopoly market structure now.

In the swelling flood of research on telecommunication sector, the study focuses on the GATS effect and the transitions that have taken place in the market structure of the Indian Telecommunication Services sector. The study brings out the policy change with respect to the telecommunication services sector, and finds out how far the telecom services sector has benefited from the policy shift in the Indian economy as a whole and telecom services sector in particular. The changes in telecommunication services market structure was the effect of 'progressive liberalization', the only goal of the protocol on telecommunication under the GATS. The policy shift has been instrumental in the transition of market structure.

The study is interdisciplinary in its treatment relying on the premises of Economics, Law and Commerce. For the collection of data the researcher has depended primarily on secondary data obtained from various journals in the sector, DOT/TRAI/COAI publications, publications of WTO, publications/reports of International Telecommunications Union, web sites of the telecom

service providers/DOT/TRAI/COAI, in-house publications of the service providers, Business News Papers/Magazines, etc. The researcher has also collected data from several experts of the field, retired union leaders of erstwhile DoT through interviews and from the DoT's MIS archival data.

The first chapter, 'Telecommunication Services: Nature & Market Structure', is the introductory chapter that brings out the nature of telecommunication services and the market structure. Telegraph as an invention enabled communication and upon its invention itself, a special legislation was enacted and was brought under the absolute control of the government. The same was followed in India as telegraph lines were installed in India. Notwithstanding the licensing provisions incorporated in the legislation, the market structure adopted (not evolved) was monopoly.

The second chapter entitled as 'Indian Telecommunication Services Market: The Transitions', examines the growth and development of telecommunication services market in India. It brings out the swings from monopoly to partial duopoly to oligopoly and thereafter to competition. Later, the market structure settles at oligopoly. The chapter makes a detailed analysis of the transitions in the telecommunication services market structure and declaration of a separate telecommunication policy, New Telecom Policy 1994.

The third chapter, 'WTO, Telecommunication Services Sector and India', peruses the international legal regimes on telecommunication services sector and India subscribing to the protocol on telecommunications services. The significance of Maitland report and subsequent 'telecom for development discourse' among the nations that led to the acceptance of telecommunication services under GATS, the multilateral regime on services trade are highlighted. As a subscriber to the telecommunication protocol of GATS, India follows the principle of 'progressive liberalization'.

The fourth chapter, 'GATS and Changes in the Market Structure of Indian Telecommunication Services Sector', elucidates India's adaptation subsequent to the subscription to the telecommunication protocol under the GATS a multilateral regime on services trade. The fourth chapter selectively discusses the important changes effected in the telecommunication services sector in India including the changes in policy and regulatory changes leading to structural changes in the telecommunication services market.

The fifth chapter entitled 'Telecommunication Services Market in Kerala: A Case study', studies the impact of liberalization of telecommunication services in India. Kerala is chosen as a true representative of telecom market in India for several reasons.

The final chapter is on 'Conclusion and Suggestions'. It makes suggestions and critical inputs to the law and policy makers in India in dealing with changes and demands of the multilateral regime and its adaptation to the Indian situations which would in turn result in an effective national policy.

Indian subscription to the Telecommunication protocol under the GATS of WTO clearly spelt out the shift in her attitude towards the telecommunication services. Telecom administration, policy formulation, implementation of policy, choice of technology, spectrum ownership, power of licensing and provision of services were under the monopoly control of Government of India. Each step that India took towards progressive liberalization pointed to its commitment to the international forums. The incremental introduction of added features of competition was proof of the power of international commitments.

The Indian government's monopoly on telecommunications services failed to develop and provide cheap, reliable, and state-of-the-art communications systems inclusively for the people of the country. New technological

developments soon rendered this monopoly system largely obsolete. Therefore, it became imperative that India adopted a pro-competitive regulatory environment for the spread of telecommunication. As part of such a move, India had to commit to the principles set forth in the WTO Reference Paper and GATS. Consequently, the monopoly tumbled and moved to duopoly and thereafter to oligopoly. Oligopoly was also enlarged shifting to competition by removing the restriction on the number of operators in a circle. But now, Indian telecommunication services market is an oligopoly market with five firm concentration as major share of the market is controlled by these firms.

Throughout the history of telecommunication in the independent India and in the regime of technology change due to liberalization and embracing GATS principles, there were forces pushing ahead and pulling back. But that there was an international agreement and signed protocol along with several commitments under the Reference Paper, compelled the country to stay in course of progressive liberalization, in spite of the various pulling factors that most often stood in the way of pushing ahead with reform measures.