Chapter-IV

Development of Telecom Industry in India

(A Profile of Selected Public and Private Sector Telecom Companies)
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In the previous chapter an overview of the growth and development of the Telecommunication Industry in India in general has been presented along with the treatise of the history of telecom industry to its present status till date. The present chapter has been drafted by the Researcher to introduce the special companies which has been selected for the purpose of the empirical study both in public and private sector of Indian telecom industry.

Introduction

A well-developed telecom sector is important for the growth of a country. Telecom landscape in India has changed completely since liberalization and monopolies in Telecom sector have been replaced with competitive regime (Oligopolies). It is a well-known fact that BSNL was carved out of erstwhile DoT to provide level playing field to private Telecom companies. Since then numerous companies have entered the market and have fuelled up the competition. It’s been a long journey for an industry that started with just one government player, i.e. BSNL, catering to the communication needs of the entire nation. BSNL operated with antiquated switching equipment and cumbersome manual exchanges. But with the passage of time there are multiple players at domestic and international level catering with the ever increasing demands of Indian consumers. BSNL is capturing market at a rapid rate and is the leading player in the field of public sector telecom companies.

Bharat Sanchar Nigam Limited (BSNL) - A Public Sector Telecom Company in India

Bharat Sanchar Nigam Limited (BSNL) was formed on October 1st, 2000, and is the world’s seventh largest Telecommunication company providing comprehensive range of services in India viz; CDMA and GSM mobile, Internet, Broadband, Carrier
Service, MPLS_VPN, VSAT, VoIP services, IN services etc. Within a span of five years it has occupied the position of becoming one of the largest public sector units in India. BSNL has installed Quality Telecom Network in the country and now focusing on improving it, expanding the network, introducing new telecom services with ICT applications in villages and winning customer's confidence. The Brand Trust Report published by Trust Research Advisory ranked BSNL in the 65th position of the list of Most Trusted brands. Today, it has about 47.3 million line basic telephone capacity, 4 million WLL capacity, 20.1 Million GSM Capacity, more than 37382 fixed exchanges, 18000 BTS, 287 Satellite Stations, 480196 Rkm of OFC Cable, 63730 Rkm of Microwave Network connecting 602 Districts, 7330 cities/towns and 5.5 Lakhs villages. BSNL is the only service provider, making focused efforts and planned initiatives to bridge the Rural-Urban Digital Divide ICT sector. In fact there is no telecom operator in the country to beat its reach with its wide network giving services in every nook & corner of country and operates across India except Delhi & Mumbai, the services are also reachable to the inaccessible areas of Siachen glacier and North-eastern region of the country. BSNL serves its customers with its wide bouquet of telecom services.

BSNL is numero uno operator of India in all services in its license area. The company offers a wide variety of services ranging from the basic to the most transparent tariff schemes designed to meet the requirement of its each and every customer. BSNL cellular service, CellOne, has more than 17.8 million cellular customers, garnering 24 per cent of all mobile users as its subscribers which means that almost every fourth mobile user in the country has a BSNL connection. In basic services, BSNL is miles ahead of its rivals, with 35.1 million Basic Phone subscribers i.e. 85 per cent share of the subscriber base and 92 per cent share in revenue terms. BSNL has more than 2.5 million WLL subscribers and 2.5 million Internet Customers who access Internet through various modes viz. Dial-up, Leased Line, DIAS, and Account Less Internet (CLI based). BSNL has been adjudged as the NUMBER ONE ISP in the country. BSNL has set up a world class multi-gigabit, multi-protocol convergent IP infrastructure that provides convergent services like voice, data and video through the same phone and Broadband Access Network. At present there are
0.6 million DataOne broadband customers. The company has vast experience in Planning, Installation, Network integration and Maintenance of Switching & Transmission Networks and also has a world class ISO 9000 certified Telecom Training Institute. Scaling new heights of success, the present turnover of BSNL is more than Rs.351,820 million (US $ 8 billion) with net profit to the tune of Rs.99,390 million (US $ 2.26 billion) for last financial year. The infrastructure asset on telephone alone is worth about Rs.630,000 million (US $14.37 billion). BSNL plans to expand its customer base from present 47 million lines to 125 million lines by December 2007 and infrastructure investment plan to the tune of Rs. 733 crores (US$ 16.67 million) in the next three years. The turnover, nationwide coverage, reach, comprehensive range of telecom services and the desire to excel has made BSNL the top most Telecom Company of India. The year of 2007 has been declared as "Year of Broadband" in India and BSNL aimed of providing a 5 million Broadband connectivity by the end of the year 2007. Revenue that has been earned by BSNL for rendering services to its customers has been reported to 4520.52 crores in Sep, 2010 (http://www.bsnl.co.in).

Table 4.1: Access Services Gross Revenue of BSNL from Sep 2009-Sep 2010

<table>
<thead>
<tr>
<th>Quarter Ending</th>
<th>Gross Revenues Earned (in Crores)</th>
<th>% Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-09’</td>
<td>6059.30</td>
<td>-</td>
</tr>
<tr>
<td>Dec-09’</td>
<td>5994.57</td>
<td>-1.07 %</td>
</tr>
<tr>
<td>Mar-10’</td>
<td>4843.90</td>
<td>-19.20 %</td>
</tr>
<tr>
<td>June-10’</td>
<td>5190.32</td>
<td>7.15 %</td>
</tr>
<tr>
<td>Sep-10’</td>
<td>4520.52</td>
<td>-12.90 %</td>
</tr>
</tbody>
</table>

Source: TRAI Performance Indicator Reports

India’s National Telecom Backbone Bharat Sanchar Nigam Ltd (BSNL) conferred the “Telecom Circle of the Year Awards” for its key performing territorial circles, based on their revenue performance for the Financial Year 2010-11. BSNL’s Karnataka Telecom Circle and Chennai Telephone District won awards in Category
1 and 2 respectively. Orissa Telecom Circle and Himachal Pradesh Telecom Circles won the award in Category 3. The percentage revenue growth over the previous financial year is the key performance parameter for the judgment of the circle of the year under each of the above three categories. Three categories have been identified as: Category 1: Circle with an annual revenue of more than Rs. 2000 crores.

Category 2: Circle with an annual revenue between Rs. 1000-Rs.2000 crores. And Category 3: Circle with an annual revenue up to Rs. 1000 crores.

BSNL has upgraded existing DataOne (Broadband) connections for a speed of up to 2 Mbit/s without any extra cost. This 2 Mbit/s broadband service is being provided by BSNL at a cost of just US$ 11.7 per month (as on 21 July 2008 and at a limit of 2.5GB monthly limit with 0200-0800 hrs. as no charge period). Further, BSNL is rolling out new broadband services such as triple play. BSNL is planning to increase its customer base to 108 million customers by 2010. With the hysterical activity in the communication sector in India, the target appears achievable. BSNL is a pioneer of rural telephony in India. BSNL has recently bagged 80 per cent of US$ 580 m (INR 2,500 crores) Rural Telephony project of Government of India. On the 20th of March, 2009, BSNL advertised the launch of BlackBerry services across its Telecom circles in India. The corporation has also launched 3G services in select cities across the country. Presently, BSNL and MTNL are the only players to provide 3G services, as the Government of India has completed auction of 3G services for private players. BSNL shall get 3G bandwidth at lowest bidder prices of Rs 18,500 crores, which includes Rs 10,186 crores for 3G and Rs 8,313 crores for BWA. BSNL management has paid this money under protest seeking refund. BSNL also launched an Entertainment Portal called ‘BSNL Hungama’ which provides contents like music and music video to users for download, which functions as a fixed monthly plan (The Hindu: 2007).

VISION OF BSNL

BSNL is the only Government player in the field of meeting up the communication needs of entire country in the starting, later many other companies
have entered the market. The Company had been formed by keeping certain visions. These visions are:

- Be the leading telecom service provider in India with global presence.
- Create a customer focused organization with excellence in customer care, sales and marketing.
- Leverage technology to provide affordable and innovative telecom Services/products across customer segments.

MISSION OF BSNL

BSNL being the seventh largest player in the world has set its certain aims and missions which are:

- Be the leading telecom service provider in India with global presence.
- Generating value for all stakeholders - employees, shareholders, vendors & business associates.
- Maximizing return on existing assets with sustained focus on profitability.
- To become the most reliable, preferred and admired telecom brand.
- To explore International markets for Global presence.
- Creating a customer focused organization with excellence in customer care, sales & marketing.
- Developing a marketing and sales culture that is responsive to customer needs.
- To attain excellence in customer service- “friendly, reliable, time bound, convenient and courteous service”.
- Leveraging technology to provide affordable and innovative products/services across customer segments.
- Offering differentiated products/services tailored to different service segments.
- Providing reliable telecom services that are value for money.
- Providing a congenial working environment, focussing mainly on performance.
- Attracting and retaining talented and competent employees and keeping them motivated.
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- Enhancing employee’s skills and utilizing them effectively.
- Encouraging and rewarding individual and team/group performance.
- Establishing efficient business processes enabled by IT.
- Changing policies and processes to enable transparent, quick and efficient decision making.
- Building effective IT systems and tools.

OBJECTIVES OF BSNL

There are certain objectives or goals which the company kept in mind while framing its policies. These objectives are:

- To be the Leading Telecom Services provider by achieving higher rate of growth so as to become a profitable enterprise.
- To provide quality and reliable fixed telecom service to our customer and thereby increase customers confidence.
- To provide customer friendly mobile telephone service of high quality and play a leading role as GSM operator in its area of operation.
- To develop a strategy for rightsizing the manpower.
- Providing greater customer satisfaction
- Contribute towards: Broadband customer’s base of 20 MN in India by the end of 2011-12 as per broadband policy 2004.
- Providing telephone connections in villages as per Government policy.
- To leverage the existing infrastructure of BSNL for facilitating implementation of other government programmes and initiatives particularly in the rural areas (www.bsnl.co.in/about.htm).

Services offered by BSNL

BSNL provides almost every telecom service in India. Following are the main telecom services provided by BSNL:
Cellular Mobile Telephone Services

BSNL is major provider of Cellular Mobile Telephone services using GSM platform under the brand name CellOne & Excel (BSNL Mobile). As on June 30, 2010 BSNL has 13.50 per cent share of mobile telephony in the country (www.trai.gov.in).

Universal Telecom Services

Fixed wire line services & landline in Local loop (WLL) using CDMA Technology called ‘bfone’ and ‘Tarang’ respectively. As on 31st March 2010, the total subscriber base of fixed (Wireline) lines stood at 36.96 million. The incumbents BSNL and MTNL have 75.31 per cent and 9.46 per cent market share respectively in the subscriber base, while all the five private operators together have 15.23% share. The share of private operators has increased from 13.29% as on 31st March 2009 to 15.23% as on 31st March 2010.

Chart 4.1: Total Market Share of Wireline Subscribers as on 31.3.2010

Source: TRAI, Annual Report, 2009-10
Wi-MAX Services

Wi-Max is another area which BSNL plans to venture in the year 2010. Wi-Max along with DSL will be leveraged for providing BB Connectivity to Panchayats. The launch of Wi-Max services is planned in the following manner: For Rural areas, the deployment is planned under following two Phases, i.e. Phase I with a tentative plan for 1000 BTS; and, Phase II with 7863 BTS. For Urban areas, the deployment is planned under the models of a mix of Franchisee and procurement. While Kerala and Punjab circles will be covered in procurement mode, remaining circles will be covered through Franchisee services available in over 450 cities by the company (BSNL, Annual Report: 2009-10).

WLL-CDMA Telephone Services

BSNL’s WLL (Wireless in Local Loop) service is a service giving both fixed line telephony & Mobile telephony. According to the TRAI report, April-June 2010, the market share of BSNL in terms of subscription within CDMA services has been reported at 5.82 per cent in March, 2010 which further decreases to 5.52 per cent in June 2010.

Internet Services

BSNL provides internet services through dial-up connection (Sancharnet) as Prepaid, (Net One) as Post-paid and ADSL broadband (BSNL Broadband). BSNL holds 55.76 per cent of the market share with reported subscriber base of 9.19 million Internet subscribers with 7.79 per cent of growth at the end of March, 2010. It also provides the easy download of online games through its Games on Demand (GOD) service offered to its customers.

Intelligent Network (IN)

BSNL provides Intelligent Network (IN) services which offers value-added services such as Free Phone Service (FPS), India Telephone Card (Prepaid card), Account Card Calling (ACC), Virtual Private Network (VPN), Tele-voting, Premium Rate Service (PRM), Universal Access Number (UAN) and more.
Third Generation Service- 3G

BSNL offers the '3G' or the '3rd Generation' services. 3G technology provides high speed data services (2 Mbps to 14.4 Mbps) as compared to (a) GPRS: which provides 110 kbps (b) EDGE: which provides 384 kbps. In 3G Technology Services such as High Speed Internet, Video Conferencing, Video streaming, gaming, Video on Demand, Full track music, Multi screen TV, Video ring tone etc., are offered. The Company’s 3G Services were rolled out in March 2009. So far, services are available in over 450 Cities with a total customer base of 1.3 Mn. The management of the company plans to add 3 million customers during the year 2010 and, plans to cover about 750 cities by the end of the financial year 2010-11 (www.bsnl.co.in).

IPTV Service

BSNL also offers the 'Internet Protocol Television' facility which enables watch television through internet.

Service of Public Call Offices (PCOs)

As on 31st March 2010, the total number of Public Call Offices (PCOs) was 4.59 million as against 6.20 million as on 31st March 2009. The number of PCOs provided by BSNL, MTNL and Private Operators is indicated in the following table:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Service Providers</th>
<th>As on 31st March, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BSNL</td>
<td>16,72,178</td>
</tr>
<tr>
<td>2</td>
<td>MTNL</td>
<td>1,95,430</td>
</tr>
<tr>
<td>3</td>
<td>Private Operators</td>
<td>27,27,093</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>45,94,701</td>
</tr>
</tbody>
</table>

FTTH Service

Fibre to the Home (FTTH) facility is such a service that offers a higher bandwidth for data transfer. This idea was proposed by the company in December 2009.

VVoIP Service

BSNL, along with Sai Info system - an Information and Communication Technologies (ICTs) provider - has launched Voice and Video over Internet Protocol (VVoIP). This will allow making audio as well as video calls to any landline, mobile, or IP phone anywhere in the world, provided that the requisite video phone equipment is available at both ends (www.techtree.com).

Broadband services

The shift in demand from voice to data has revolutionized the very nature of the network. BSNL is poised to cash on this opportunity and has planned for extensive expansion of the Broadband services. The Broadband customer base of 3.56 Million customers in March'2009 is planned to be increased to 16.00 million by March 2014 (www.techshout.com). Now Bsnl is the under top five telecom service provider company in India, when compared to other telecom companies the quality of employees are not satisfactory, customer oriented, management skills are also poor, the influence of unions in the organization will also affect the future of Bsnl. BSNL competes with 14 other mobile operators throughout India. They are Aircel, Airtel Cheers Mobile, Idea, Loop Mobile, MTNL, MTS, Ping Mobile, Reliance Communication Limited, S Tel, Tata DoCoMo, Tata Indicom, Uninor, Videocon, Virgin Mobile and Vodafone.

Table 4.3: The Customer Base and Market Share of Wireline broadband connections

<table>
<thead>
<tr>
<th>Status as on</th>
<th>31.3.2007</th>
<th>31.3.2008</th>
<th>31.3.2009</th>
<th>31.3.2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Share (in Millions)</td>
<td>0.976</td>
<td>2.032</td>
<td>3.557</td>
<td>5.376</td>
</tr>
<tr>
<td>Market Share (%)</td>
<td>41.72</td>
<td>52.11</td>
<td>57.19</td>
<td>61.44</td>
</tr>
</tbody>
</table>

Source: Annual Report, B.S.N.L. 2009-10
The above figures have been shown below in form of graphics to depict a clear picture of the Wireline broadband user’s status in last four consecutive years.

**Chart 4.2: Customer Base and Market Share of Wireline Broadband Connections (2007-2010)**

Source: Bharat Sanchar Nigam limited, Annual Report, 2009-10

**Helpdesk Service**

BSNL's Helpdesk provide help desk support to their customers for their services. They offer the service of a helpline or a toll-free number as customer care, where the customers could call and retrieve desired information and become aware of the offers, schemes and other services offered by the company.

Hence, the several forms of services that have been offered by the company for its subscribers and public are appreciable and have been tried to be presented by the Researcher with the help of relevant sources.
Major Initiatives Taken During 2009-2010 under Review

To attain the top most position and to retain that position, every company need to take certain decisions, initiatives to stabilize their performance. BSNL also undertook the following initiatives for maintaining its position and combating the global competition in the year 2009-10:

(i) Strengthening of marketing, sales and distribution Channels (Project Vijay)

The fast commoditization of the telecom service/products had necessitated strong initiatives in the Sales and Distribution network. As part of strengthening the sales and distribution channels for ensuring continuous and uninterrupted supply of products, the Company has initiated steps for increasing the number of territories from 1,601 to 2,147; increase in number of retailers from 3,88,565 to 8,00,000; and creation of a dedicated Sales team of 4500 BSNL employees.

(ii) IT tool (Sancharsoft) has been developed to monitor different channels of distribution and to ease payment of commission.

(ii) Continuous improvement in Customer Care (Project Smile)

With a view to make the CSCs more effective and customer friendly, Business Processes tailored for single window service are being introduced; backend staff is being shifted to customer facing CSC; and, working hours of payment counters are being increased. In order to decongest the CSCs, alternate bill payment mechanisms, e.g., payment machines and kiosks, drop boxes, tie-ups with banks also being put in place.

(iii) Implementation of CDR billing system

In the direction of CDR based Customer Care and Convergent billing system for wire-line and Broadband services, four Data Centres for CDR Projects, located at Hyderabad, Pune, Kolkata and Chandigarh have been commissioned. So far, about 88 SSAs have been successfully migrated to CDR based billing systems. Your Directors are hopeful that by the end of the year2010, CDR billing system will be completely implemented in all SSAs throughout the country. This will make a significant
transformation of fixed access business, which will provide various other facilities to
the customers of fixed access.

(iv) Internet Data Centre (IDC)

Efforts are underway for setting up of Internet Data Centres.

(v) ERP system implementation plan

The ERP and Business Process re-engineering for country-wide
implementation has been kick-started. Whole of the process have already been
documented and the blueprint is ready. Whole range of activities and processes such
as Material Management, Project Management, Human Resources Management etc.,
will be completely computerised. Complete Implementation of ERP and Business
Process Re-engineering project is expected to pave way for savings in OPEX and
increased operational efficiency.

Present Status of BSNL

The Company Bharat Sanchar Nigam Limited (known as BSNL) is a
public sector Communications Company in India. It is the largest
telecommunication company in India and the seventh largest in the world. Its
headquarters are at Statesman House, Barakhamba Road, New Delhi. It has the
status of Mini-ratana - a status assigned to reputed Public Sector companies in
India. BSNL, then was known as Department of Telecom (DoT) had been a near
monopoly during the socialist period of the Indian economy. During this period,
BSNL was the only telecom service provider in the country and MTNL was present
only in Mumbai and New Delhi. During this period BSNL operated as a typical state-
run organization, inefficient, slow, bureaucratic, and heavily unionized. As a result
subscribers had to wait for as long as five years to get a telephone connection. The
corporation tasted competition for the first time after the liberalization of Indian
economy in 1991. Faced with stiff competition from the private telecom service
providers, BSNL has subsequently tried to increase efficiencies itself. DoT veterans,
however, put the onus for the sorry state of affairs on the Government policies, where
in all state-owned service providers were required to function as mediums for
achieving democratic growth across all segments of the society. The corporation (then
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DoT), however, failed miserably to achieve this and India ailed among the most poorly connected countries in the world. BSNL was born in 2000 after the corporatization of DoT. The efficiency of the company has since improved little a bit.

However, the performance level is nowhere near the private players. The Corporation remains heavily unionized and is comparatively slow in decision making and its implementation, which largely acts at the instances of unions without bothering about outcome. The management of the company has been reactive to the schemes of private telecom players. Though it offers services at lowest tariffs, the private players continue to notch up better numbers in all areas, years after year. BSNL has been providing connections in both urban and rural areas. Pre-activated Mobile connections are available at many places across India. BSNL has also unveiled cost-effective broadband internet access plans (DataOne) targeted at homes and small businesses. At present, BSNL enjoys around 60 per cent of market share of ISP services (www.bsnl.co.in).

Table 4.4: Customer Base of BSNL, as on 21st March, 2010

<table>
<thead>
<tr>
<th>S.No</th>
<th>Product/Services</th>
<th>Customer Base (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Wireline</td>
<td>27.20</td>
</tr>
<tr>
<td>2.</td>
<td>Wireless</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) GSM</td>
<td>65.64</td>
</tr>
<tr>
<td></td>
<td>(b) WLL</td>
<td>6.05</td>
</tr>
<tr>
<td>3.</td>
<td>Broadband</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Wireline</td>
<td>5.67</td>
</tr>
<tr>
<td></td>
<td>(b) Wireless</td>
<td>1.37</td>
</tr>
<tr>
<td>4.</td>
<td>Internet</td>
<td>3.81</td>
</tr>
</tbody>
</table>

Source: Annual Report, 2009-10.

Financial Performance of BSNL

One of the main and very much significant objectives of the company is to be the Leading Telecom Services provider by achieving higher rate of growth so as to
become a profitable enterprise. The company keeps itself engage in arranging the best possible services at cheapest and best rates at the disposal of their customers. And the increase in the number of subscribers will ultimately lead the company on the pinnacle of success. Here, below the financial performance of the company has been shown with the help of a table for the year 2009-10, to have the overview of the company’s current financial status.

Table 4.5: Financial Performance of BSNL in 2009-10

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2009-10 (Rs in Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Services</td>
<td>2,791,344</td>
</tr>
<tr>
<td>Other Income</td>
<td>413,197</td>
</tr>
<tr>
<td>Expenditure (excluding Interest and Depreciation)</td>
<td>2,452,964</td>
</tr>
<tr>
<td><strong>Profit Before Interest, Depreciation and Tax (EBITDA)</strong></td>
<td>751,577</td>
</tr>
<tr>
<td>Depreciation</td>
<td>919,679</td>
</tr>
<tr>
<td>Interest</td>
<td>35,161</td>
</tr>
<tr>
<td>Profit before Prior period Adjustment</td>
<td>(203,263)</td>
</tr>
<tr>
<td>Prior Period Adjustments</td>
<td>16,485</td>
</tr>
<tr>
<td><strong>Profit/Loss before Tax</strong></td>
<td>(219,748)</td>
</tr>
<tr>
<td>Provision for Deferred Tax</td>
<td>(52,100)</td>
</tr>
<tr>
<td>Tax Provision for the year</td>
<td>116</td>
</tr>
<tr>
<td>Tax Provisions for the earlier years</td>
<td>14,501</td>
</tr>
<tr>
<td><strong>Net Profit/loss for the year</strong></td>
<td>(182,265)</td>
</tr>
</tbody>
</table>

Source: BSNL-Annual Report, 2009-10

During the year 2009-10, the Company incurred a loss of Rs. 1,822.65 Crores, which is mostly attributed to the increase in expenditure due to wage revisions and reduction in revenue from services. Some of the prime factors, which were instrumental in reduction of revenue, are as under:

**Decline in Wire-Line income**

The reasons for the decline trend of revenues from telephones and PCOs were;
• Telephones: Declining numbers and declining tariff and preference for wire-less lines
• PCO: increasing tele-density & drastic reduction in tariff

**Stiff Competition in Mobile**
• Increased pressure on pricing due to Price War
• Subscriber base increasing, ARPU decreasing.
• Commoditization of Mobile Services

**Reduction in financial Support from Government**
• Phasing out of ADC
• Non reimbursement of license fee and spectrum charges
• Withdrawal of moratorium on interest on government loan

With the arrival of new players in the market, the telecom sector witnessed a hyper competitive tariff regime; and, in fact, the whole of the telecom sector faced a declining trend in the overall revenues, to which, company was no exception. All the efforts have been made by the company to reverse the trend ([www.bsnl.co.in](http://www.bsnl.co.in)).

**AWARDS AND ACCOLADES**

The company while offering services and other measures have firm its place in market and have earned enormous reputation and honours. In the span of time since its establishment, the company has been the winner of several awards by the government to acknowledge its efforts and services. These awards and Accolades are mentioned as follows:

**Table 4.6: Exhibit of Awards and Honours of BSNL in 2009-10**

<table>
<thead>
<tr>
<th>Year</th>
<th>Award/Honour</th>
</tr>
</thead>
<tbody>
<tr>
<td>06 Apr, 2010</td>
<td>Award for “Heavy Weight Mini Navratna – Non-manufacturing”</td>
</tr>
<tr>
<td>07 Apr, 2010</td>
<td>“Best Long Distance Operator &amp; Best Fixed Line Operator” Award</td>
</tr>
</tbody>
</table>
May, 2010  National Telecom Operators Award in the Category of “Best Internet Service Provider in India” was awarded.

June, 2010  Prestigious CNBC Consumer Awards, 2010, in the category of Best Broadband Service Provider of the country.

India’s National Telecom Backbone Bharat Sanchar Nigam Ltd (BSNL) conferred the “Telecom Circle of the Year Awards” for its key performing territorial circles, based on their revenue performance for the Financial Year 2010-11.

Source: Annual Report, 2009-10.

Challenges and Competition

During the financial year 2008-2009 (from April 1, 2008 to March 31, 2009) BSNL has added 8.1 million new customers in various telephone services taking its customer base to 75.9 million. BSNL’s nearest competitor Bharti Airtel is standing at a customer base of 62.3 million. Nevertheless, despite impressive growth shown by BSNL in recent times, the fixed line customer base of BSNL is declining. In order to woo back its fixed-line customers BSNL has brought down long distance calling rate under One India plan, however, the success of the scheme is not known. However, BSNL faces bleak fiscal 2009-2010 as users flee. Presently there is an intense competition in Indian Telecom sector and various Telcos are rolling out attractive schemes and are providing good customer services. Access Deficit Charges (ADC), a levy being paid by the private operators to BSNL for provide service in non-lucrative areas especially rural areas) has been slashed by 20 per cent by TRAI, w.e.f. April 1, 2009 (The Times of India). The reduction in ADC may hit the bottom lines of BSNL.

BSNL has started 3G services in 290 cities and acquired more than 6 Lakh customers. It has planned to roll out 3G services in 760 cities across the country in 2010-11.

Hence, from the above discussion it has been concluded by the Researcher that BSNL has been the world’s seventh largest Telecommunication Company providing comprehensive range of services to its customers. With the arrival of new players in
the market, the telecom sector witnessed a hyper competitive tariff regime; and, in fact, the whole of the telecom sector faced a declining trend in the overall revenues, to which, company was no exception. All the efforts have been made by the company to reverse the trends, but the performance of the company has been affected with the boom in market competition.

After having discussed the profile status of BSNL in public sector of Indian Telecom Industry, the Researcher moves forward to bring forth the profile of Reliance Communication Limited (RCOM), the selected organization to be overviewed in the private sector of Indian Telecom Industry.

**Reliance Communication Limited- a Private Sector Telecom Company in India**

Reliance Communication Limited (commonly called RCOM) is an Indian broadband and telecommunication company established with its main office in Navi Mumbai, India. RCOM, founded by Dhirubhai H Ambani (1932–2002), is the flagship company of the Reliance Group one of the leading business houses in India. Reliance Communication Limited is India’s foremost and truly integrated telecommunications service provider. The company has been incorporated on July 15, 2004 under the Companies Act, 1956 under the name of “Reliance Infrastructure Developers Private Limited”. With effect from July 25, 2005, the Company was converted into a public limited company and the word “Private” was deleted from the name of the Company. Subsequently the name of “Reliance Infrastructure Developers Limited” was changed to “Reliance Communication Ventures Limited” with effect from August 3, 2005. Further the name was again changed to its present name i.e. “Reliance Communications Limited” with effect from June 7, 2006).

The Company, with a customer base of 142 million as on March 31, 2011 including over 2.5 million individual overseas retail customers, ranks among the Top 4 Telecom companies in the world by number of customers in a single country. Reliance Communication Limited corporate clientele includes over 35,000 Indian and multinational corporations including small and medium enterprises and over 800 global, regional and domestic carriers. Reliance Communication Limited has
established a pan-India, next generation, integrated (wireless and Wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 24,000 towns and 6,00,000 villages. Reliance Communication Limited owns and operates the world’s largest next generation IP enabled connectivity infrastructure, comprising over 2,77,000 kilometres of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region (www.rcom.co.in).

The company has five segments: Wireless segment includes wireless operations of the company; Broadband segment includes broadband operations of the company; Global segment include national long distance and international long distance operations of the company and the wholesale operations of its subsidiaries; Investment segment includes investment activities of the Group companies, and Other segments which consists of the customer care activities and direct-to-home (DTH) activities. Reliance Communication Limited has its offices in Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Jaipur, Kochi, Kolkata, Lucknow, Patna and Pune. It ranks among the top 5 telecommunications companies in the world by number of customers in a single country. Reliance Communication Limited corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers. The company has established a pan-India, next-generation, integrated (Wireless and Wireline), convergent (voice, data and video) digital network that is capable of supporting services spanning the entire communications value chain, covering over 24,000 towns and 6 lakh villages. Reliance Communication Limited owns and operates the next-generation IP-enabled connectivity infrastructure, comprising over 1,90,000 kilometres of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region (www.newswiretoday.com).

Mission of Reliance Communication Limited

The ultimate mission of establishing RCOM is to attain the excellence in Communication Arena, but there are certain missions which compliments the crucial goals of the company. These missions are as follows:
To attain global best practices and become a world-class communication Service provider – guided by its purpose to move towards greater degree of sophistication and maturity.

To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.

To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.

To consistently achieve high growth with the highest levels of productivity.

To become a technology driven, efficient and financially sound organisation.

To contribute towards community development and nation building.

To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all, the people.

To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.

To encourage ideas, talent and value systems.

To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

Main Subsidiaries of Reliance Communication Limited

Working as an emerging player in the field of telecom, the Reliance Communication Limited establishes its several subsidiaries. Its main Subsidiaries are:

Reliance Telecommunication Limited (RTL)

In July 2007, the company announced it was buying US-based managed Ethernet and application delivery services company Yipes Enterprise Services for a cash amount of 1200 crores (the equivalent of US$300 million). The deal was announced of the overseas acquisition, the Reliance group has amalgamated the United States-based Flag Telecom for $210 million (roughly 950 crores). RTL operates in Madhya Pradesh, West Bengal, Himachal Pradesh, Orissa, Bihar, Assam, Kolkata and Northeast, offering GSM services (www.communicationstoday.co.in).
Reliance Globalcom

Reliance Globalcom (RGL) owns the world’s largest private undersea cable system, spanning 65,000 km seamlessly integrated with Reliance Communication Limited. Over 110,000 km of domestic optic fibre provides a robust Global Service Delivery Platform, connecting 40 key business markets in India, the Middle East, Asia, Europe, and the U.S (www.indiaprwire.com).

Reliance Internet Data Centre (RIDC)

RIDC provides Internet Data Centre (IDC) services located in Mumbai, Bangalore, Hyderabad and Chennai. Spread across 650,000 sq. ft. (60,000 m2) of hosting space, it offers IT infrastructure management services to large, medium and small enterprises. It is one of the leading data centre service provider in India and provides services like colocation, managed server hosting, virtual private server and data security. It has launched cloud computing services, offering product under its infrastructure as a server (IAAS) and software as a service (SAAS) portfolio, which enables enterprises, mainly small and medium, a cost-effective IT infrastructure and application on pay-per-user model (www.businesswireindia.com).

Reliance Digital TV

Reliance Big TV had been launched in August 2008 and thereafter acquired 1 million subscribers within 90 days of launch, the fastest ramp-up ever achieved by any DTH operator in the world. Reliance Big TV offers its 1.7 million customers DVD-quality pictures on over 200 channels using MPEG-4 technology (www.powerhomebiz.com).

Overview of Reliance Communication Limited (From FY. 2008-11)

RCOM owns and operates the world’s largest next generation IP enabled connectivity infrastructure, comprising over 277,000 route kilometres of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region. In India, the company provides a long distance business services including wholesale voice, bandwidth and infrastructure services. At a global level, the company provides
carrier’s carrier voice, carrier’s carrier bandwidth, enterprise data and consumer voice services. RCOM offers the most comprehensive portfolio of enterprise voice, data, video, internet and IT infrastructure services catering to large, medium and small enterprises for their communications, networking and IT infrastructure needs.

The product portfolio of the company includes national and international private leased circuits, internet access for Enterprises, SMBs and consumers, Voice solutions including PRI for PBX, Centrex, toll free services, voice VPN, audio and video conferencing, MPLS-VPN, remote access VPN, Global MPLS VPN managed internet data centre (“IDC”) services to name a few.

RCOM has the world’s biggest Metro Ethernet network which is now available in 180 cities with about 37,000 Metro Devices in ring architecture thus enabling more than 1.1 million buildings to provide reliable and scalable bandwidth Metro Ethernet solutions. RCOM operates nationwide Direct-to-Home satellite TV services under the aegis of its wholly owned subsidiary, Reliance Big TV Limited (Reliance Digital TV). Reliance Digital TV uses state-of-the-art MPEG4 technology to deliver over 250 channels in HD like quality, including 11 exclusive movie channels, to its subscribers.

The company delivers a high definition content and digital voice quality to the viewers on this platform to create a highly personalized video and theatre experience. Reliance Communication Limited publishes in their annual report for the year 2010-11, the figures of its wireless subscribers, revenues, Net-worth (in millions) from financial year 2008 till 2011 which enables a layman to explore and assess the position of the company. These figures may help the investors, shareholders, employees and all those who are interested in knowing the financial standing of the company in market. These figures are also shown below with the help of charts to present a clear picture of the Reliance Communication Limited in last four years:

**Net Worth**

The financial year 2011 witnessed hyper competitive environment in the telecom industry resulting in substantial decrease in tariff rates. Despite this, RCOM was able to achieve reasonable top-line growth during the year.
4.3 Chart showing Net-worth (in Millions)

![Net Worth (in Millions)](chart.png)

Source: http://www.rcom.co.in

The key financial highlights on a consolidated basis are: Total income of Rs. 23,108 crores (US$ 5,182 million), as against Rs. 22,132 crores (US$ 4,903 million) in financial year ending on 31st March, 2010. Net profit of Rs.1,346 crores (US$ 302 million), as against Rs. 4,655 crores (US$ 1,031 million) in previous financial year. Cash Earnings Per Share (Cash EPS) of 38.81 (US$ 0.87) as against 41.30 (US$ 0.91) in the year 2010 and Basic Earnings Per Share (EPS) of 6.52 (US$ 0.15), as against 22.55 (US$ 0.50) in the financial year ending on 31st March, 2010. The Net worth of Rs.35,752 crores (US$ 8,017 million) puts the company among the top Indian private sector companies.

**Wireless Segment**

Customer acquisition during the year under review, the Company added 33.30 million wireless customers (net additions), an increase of 32.51 per cent over the year 2010. As on March 31, 2011, the Company had 136.95 million wireless customers on its network. During the year 2010, it reached out aggressively to rural areas on the back of a major network expansion that contributed substantially toward the company’s customer acquisition.
4.4: Wireless subscribers (in Millions) from 2008-2011

Revenues and operating expenses

On a consolidated basis, the Company earned total revenues of Rs.23,107.63 crore (US$5,181.66 million). The net profit after tax recorded by the Company was Rs. 1,345.65 crore (US$301.75 million). The Company’s total operating expenditure stood at Rs.14,026.06 crore (US$ 3,145.21 million).

4.5: Chart showing Revenue of RCOM from FY 2008-2011

Source: http://www.rcom.co.in
Achievements of Reliance Communication Limited

Reliance Communication Limited ("RCOM", “Borrower/Company”) is the flagship Company of the Reliance Anil Dhirubhai Ambani (“ADA”) Group. Rated among "Asia's Top 5 Most Valuable Telecom Companies", Reliance Communication Limited is India's foremost and truly integrated telecommunications service provider. The Company, with a customer base of over 65 million including over 1.7 million individual overseas retail customers, ranks among the Top 10 Telecom companies in the world by number of customers in a single country. RCOM’s corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers.

RCOM is India’s truly integrated and fully converged telecommunications service provider. The Company operates across the full spectrum of wireless, Wireline, voice, data, and video and internet communication services. It also has an extensive international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure. The company has gone through many developments, achievements, collaborations, acquisitions and mergers etc. A brief outset of all those activities has been presented below:

Table 4.7: Overview of Reliance Communication Limited (2006-2010)

<table>
<thead>
<tr>
<th>Year</th>
<th>Achievements</th>
</tr>
</thead>
</table>
| 2006 | - Nokia and Reliance Communication Ltd have joined hands to market the Nokia 1255 mobile handset in India at a price of Rs 1,999.  
- Reliance Communication Limited ventures into video conferencing. |
2007

- Reliance Communication Limited rolled out a range of mobile handsets priced at between Rs 777 and Rs 888, shaving by half to one-third the existing entry level mobility costs in the country.
- Reliance Communication Ltd has informed that the Board of Directors of the Company at its meeting held on July 17, 2007, has appointed Shri. A.K. Purwar, former Chairman of State Bank of India, as an Additional Director of the Company with effect from July 17, 2007.
- RCom acquires Yipes for 0mn.
- Reliance Communication Ltd has launched Money Transfer through mobile phones across the country through its tie-up with ICICI Bank.
- Microsoft Corporation and Reliance Communication Limited (RCom) announced their joint foray into Internet Protocol Television (IPTV) or simply put television on internet instead of the traditional route.

2008

- The US-French telecom equipment supplier Alcatel-Lucent and Reliance Communication Limited announced on May 12, a joint venture to provide network services to telecommunications operators.
## Chapter IV: Development of Telecom Industry in India (A Profile of Selected Public and Private Sector Companies)

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2009 | - Telecom operator Etisalat DB, formerly known as Swan Telecom, will be outsourcing its telecom infrastructure requirements to the Anil Ambani Group Company Reliance Communication Limited as part of Rs 10,000-crore deal spread over the next 10 years.  
- Reliance Communication Limited announced its partnership with Microsoft for offering Windows Mobile solutions on its wireless networks where according to the agreement, Microsoft is said to offer Windows Mobile solutions to RCom customers, including push email support, chat, photo-sharing, content back-up and other applications.  
- Reliance Communication Limited on Nov 27 introduced one paisa per SMS for both GSM and CDMA customers, triggering a war of tariffs on data services from voice calls. |
| 2010 | - Reliance Communication Limited has entered into a pact with Polycom Inc., the global leader in tele-presence, video and voice solutions, in order to introduce world's first wireless, high-resolution video conferencing service  
- Reliance Communication Limited (RCom) has inked an alliance with Get Jar. Under the alliance, Get Jar will offer Reliance Communication Limited its extensive catalogue of over 65,000 free mobile applications.  
- Reliance Communication Limited, today announced an unlimited internet access plans called -Mobile Net Plan, under which, the subscribers of both post-paid as well as pre-paid can access unlimited mobile internet at Rs 99 per month. |

Source: Dion Global Solutions Limited

Thus, the company is India’s truly integrated and fully converged telecommunications service provider. The company operates across the full spectrum of wireless, wireline, voice, data, and video and internet communication services. It
also has an extensive international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure globally.

With a customer base of over 142 million (including over 2.5 million overseas retail customers and 3.5 million Reliance Digital TV customers) as on March 31, 2011, RCOM occupies the world’s 4th largest wireless operator in terms of number of customers in a single country. The corporate clientele of the company includes over 35,000 Indian and multinational corporations including small and medium enterprises and over 800 global, regional and domestic carriers. RCOM is India’s first telecom service provider offering nationwide CDMA and GSM mobile services with digital voice clarity (www.rcom.co.in).

Financial Performance of Reliance Communication Limited

The financial year 2011 witnessed hyper competitive environment in the telecom industry resulting in substantial decrease in tariff rates. Despite this, RCOM was able to achieve reasonable top-line growth during the year. The key financial highlights on a consolidated basis are: During the year 2010-2011, the Company has earned a gross income of Rs. 12,614.02 crores against a gross income of Rs. 12,511.72 crores in the previous financial year of 2009-2010. The company has incurred a net loss of Rs.757.99 crores at the end of the financial year 2010-2011 as compared to the profit after tax of Rs.478.93 crores in the year 2009-2010. Directors of the company have recommended a dividend of Re. 0.50, (10 per cent) per equity share each of Rs.5 for the financial year ended March 31, 2011 out of the accumulated profits of the Company, which, if approved at the ensuing 7th Annual General Meeting. Such declaration of dividend is made in compliance with the Companies (Declaration of Dividend out of Reserves) Rules, 1975

The total income of the company was Rs. 23, 108 crores (US$ 5,182 million) as against Rs.22, 132 crores (US$ 4,903 million) in the year 2009-2010. The Net profit of the company has been Rs.1, 346 crores (US$ 302 million), as against Rs. 4,655 crores (US$ 1,031 million) in previous financial year. Cash Earnings Per Share (Cash EPS) of Rs. 38.81 (US$ 0.87) as against Rs.41.30 (US$ 0.91) in the previous year and Basic Earnings Per Share (EPS) of Rs. 6.52 (US$ 0.15), as
against Rs.22.55 (US$ 0.50) in the previous financial year. Net Worth of the company has been Rs.35,752 crores (US$ 8,017 million) which puts the company among the top Indian private sector companies (www.rcom.co.in).

Table 4.8: Financial Performance of RCOM (2007-2010)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Units</th>
<th>12 months period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Subscribers</strong></td>
<td>000's</td>
<td>28,007</td>
</tr>
<tr>
<td><strong>Consolidated financials</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>Rs. mn</td>
<td>144,683</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Rs. mn</td>
<td>57,207</td>
</tr>
<tr>
<td>Cash profit from operations</td>
<td>Rs. mn</td>
<td>56,291</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>Rs. mn</td>
<td>32,247</td>
</tr>
<tr>
<td>Net Profit</td>
<td>Rs. mn</td>
<td>31,632</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>Rs. mn</td>
<td>330,423</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>Rs. mn</td>
<td>202,719</td>
</tr>
<tr>
<td>Net Debt</td>
<td>Rs. mn</td>
<td>18,238</td>
</tr>
<tr>
<td><strong>Key Ratios</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>%</td>
<td>39.5%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>%</td>
<td>21.9%</td>
</tr>
<tr>
<td>Net Debt to funded equity ratio</td>
<td>Times</td>
<td>0.09</td>
</tr>
<tr>
<td><strong>KPIs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wireless APRU</td>
<td>Rs.</td>
<td>371</td>
</tr>
<tr>
<td>Wireless RPM</td>
<td>Rs.</td>
<td>0.74</td>
</tr>
<tr>
<td>Wireless MoU per sub</td>
<td>Min/month</td>
<td>503</td>
</tr>
<tr>
<td>Long Distance Minutes</td>
<td>Mn Min</td>
<td>23,238</td>
</tr>
</tbody>
</table>

Source: www.rcom.in

The above table shows the performance appraisal of Reliance Communication limited, which exhibits an increasing trend from 2007 to 2010 in terms of its subscribers. The gross revenue income of the company has also been increasing from Rs.1,44,683 in March, 2007 to Rs. 2,21,323 in absolute terms. But the net profit after deduction of taxes has been declined by the end of 31st March, 2010 with a net profit margin from 26.3 per cent in 2009 to 21 per cent in 2010. The new entrants in the market have fuelled up the intensity of market conditions which have affected the company’s performance and the financial results.
Major Alliances and Mergers of Reliance Communication Limited in 2010-11

In the year 2010-11, the company undertook several alliances which enable the company to hold a strong position in market. Those alliances are discussed as follows:

- **Alliance with Radio Netherlands Worldwide**

  RCOM signed an agreement with Radio Netherlands Worldwide (RNW), an established player in news and entertainment broadcasting for over 60 years. Under the agreement, R World – the next generation mobile portal accessible to over 136 million Reliance 3G, GSM and CDMA customers as on March 31, 2011, would offer 24/7 live streaming of Radio Netherlands Worldwide and will showcase its RNW WAP news feed on R-World which includes regularly updated international news.

- **Alliance with Get Jar Inc.**

  RCOM has formed a strategic alliance with GetJar Inc., the world’s largest applications store, to offer extensive catalog of over 65,000 free mobile applications. Reliance Communication Limited’s over 136 million subscribers will gain access to GetJar’s massive library of applications via a GetJar apps store through RCOM’s VAS platform R-World. GetJar will also enable RCOM to offer its Apps Store to a large bandwidth of mobile handsets across multiple brands and not remain restricted to a few high-end smartphones. Reliance Communication Limited will offer the GetJar Apps Store across to GSM and CDMA networks.

- **Alliance with Nokia**

  Reliance Communication Limited and Nokia India jointly announced a first-of-its-kind multi-facet business alliance. The RCOM–Nokia alliance will aim to foster greater use of mobile services, giving consumers an opportunity to get richer experiences and explore more with their phones. The RCOM–Nokia partnership is structured on a one-of-its-kind blue-print to engage with the Indian consumers to offer an array of unmatched and innovative mobile, data and services offerings in India. The business partnership with Nokia is in line with the multitude of innovations lined-
up by the two companies to take mobility to the next level. The alliance covers Ovi Life Tools services targeted at the rural and semi-urban segments for Reliance customers, exclusive offers on Ovi Music Unlimited (OMU) devices for faster music downloads, an exclusive offer on Reliance Net connect Broadband + USB Datacards on the purchase of Nokia OMU enabled phones and special data packages for Nokia GPRS phones.

- **Alliance with Microsoft**

  In addition to the existing “Reliance Cloud Computing Services” which was launched by RCOM Enterprise Business in partnership with Microsoft, now the partners, for the first time in India also offer “Hosted Exchange 2010” solution to the customers of RCOM. The service provides latest Microsoft email Platform to the customers on “pay as you go” model, thus mitigating the risk of technology adoption. Microsoft’s virtualisation and management technologies has helped us in reducing the input costs involved in providing these services, thereby enabling Reliance to pass on the cost benefits to the customers.

- **Alliance with NetApps**

  RCOM and NetApps have signed an agreement to launch cloud based “Storage as a Service”. The cloud storage solution which launched along with NetApps include “Storage as a Service (StaaS), disaster recovery as a service and data protection as a service. These services are available on a “pay as you go” model. These services will accelerate the use of storage infrastructure among our existing and new enterprise customer and will provide a significant entry in to SMB segment, which is a focus area for current year.

**Opportunities of RCOM**

Telecom operators and equipment providers are focused on 3G wireless technologies, emerging 4G technologies, broadband and fibre-to-the-home/premises networking. The telecommunications industry as a whole offers a number of attributes that are difficult to ignore.
• **Telecommunications is a necessary utility**

The need for telecom in both rural and urban areas, and its role in the infrastructure of both developed and developing markets, continues to grow. In addition, economic stimulus plans in the India and abroad would boost service providers and equipment manufacturers.

• **Massive growth of smartphones**

Although the world economy is under recovery phase, which is not completely out of the woods, the growth in the smartphone market maintains its impressive trend. This primarily reflects a shift in consumer preference towards the Feature-enhanced PDA devices from ordinary mobile handsets used primarily for voice telephony. This opportunity provides scope for telecom service providers, equipment manufacturers, chipset developers and wireless tower operators to retain new users and grow revenues moving forward.

**Risks and Concerns of RCOM**

The entry of new telecom operators in the market has intensified competition leading to downward pressure on prices. Company’s well planned capital investments, backed by a world class network, puts it in an enviable position in meeting the emerging competitive challenge among the telecom space. Since the environment is surrounded by the cut-throat competition, every company is suffering with the constraint of risk and concerns. Reliance Communication Limited also faces certain risks which the company take care of while operating. The challenges which the company has to face are discussed below:

• Some of the operating licences are subject to regulatory compliance under the terms and conditions of licences grant over different part of the world. The rules and regulations, issued by the respective government and regulatory authorities, having jurisdiction over the Company’s operations and licenses, schedules and obligations require it to meet specified conditions, network build-out requirements and tariff fixation. However, the Company does not perceive any default on this account.
• Rapid technological changes may increase competition and render the Company’s technologies, products or services obsolete. But the facilities are tuned to next generation latest technology and the company do not foresee any obsolescence at present.

• The telecommunication services industry is capital intensive. Capital Expenditure (CAPEX) on adaptation to latest technology may put pressures on deliverables. However, the Company is constantly assessing such technological challenges and taking immediate remedial steps through timely CAPEX plans.

• The Company faces significant and intense competition in its markets, which could aggravate with the entry of new licensees that may result in decreases in current and potential customers, revenues and profitability. But the company remains confident because of its competitively priced tariff which continues to attract large volumes of traffic, resulting in better utilization of network, operating efficiencies and cost benefits.

• The Company is subject to market risks from changes in interest and foreign currency exchange rates. In managing exposure to these fluctuations, the management may engage in various hedging transactions that have been authorized according to documented internal policies and procedures.

• 3G Handset ecosystem stability is a key requirement to enable adoption of 3G services.

**An overview of BSNL and Reliance Communication**

According to the report of a press release by Telecom Regulatory Authority of India (TRAI), the present scenario of the major players in the telecom industry has been shown here below with the help of a chart showing their market share as a service provider.
Thus, the chart clearly shows the share of BSNL and Reliance Communication as on 31st March, 2011. The share of BSNL has been 11.32 per cent against a share of 16.32 per cent of Reliance Communication. It highlights that the Reliance holds a greater share than BSNL and has captured the market grabbing the position of the third highest company holding market share in providing services.

**Conclusion**

Hence, in the foregoing pages, an attempt has been made to discuss the profile of some selected telecom companies operating in public and private sector in India. The performance, growth, development, history, awards and achievements etc. of both the companies have been discussed verbally. The financial performances of the companies have also been referred from authentic sources to become cognizant with the current financial position of the companies. Subsequently, during the year 2009-2010, BSNL incurred a loss of Rs. 1,822.65 Crores and RCOM has incurred a net loss of Rs.757.99 crores at the end of the financial year 2010-2011 as compared to the
profit after tax of Rs.478.93 crores in the year 2009-2010. Therefore, both the companies incurred losses during 2010-2011 and the performances has been affected by the entrants of the new players and market morass at a global level, even though the companies are taking measures to overcome these losses and to cope up with the increased intensity of stiff competition with the advent of new technologies and services at best possible tariffs to their subscriber base.

After having discussed the detailed profile of both the companies, the Researcher moves forward towards the next chapter, in which an empirical presentation of the survey has been depicted and the result of the survey has been analysed with the application of statistical tools like Average Mean, Standard Deviation and student’s t-test.

References:

Chapter IV: Development of Telecom Industry in India (A Profile of Selected Public and Private Sector Companies)

10. www.bsnl.co.in

Newspapers:
1. "BSNL bags 80% of Rs 2,500-crore rural mobile telephony project". The Hindu (Chennai, India) March 28, 2007.