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AFFECT OF COVID-19 ON TELECOM SECTOR IN INDIA- A REVIEW

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ABSTRACT

The telecom industry is one of the fastest-growing sectors in India, So this article is going to trace the effect of COVID 19 or coronavirus pandemic on the telecom industry. The report is also going to know about consumer retention after the entry of Reliance Jio. The articles also discuss how reliance Jio affects the telecom industry. It will highlight all the current changes in the telecom industry. Here we also have the reasons to discuss why a big market player Vodafone and airtel have to change their marketing strategy? Global telecom service providers play a significant and vital role in the ongoing COVID 19 pandemic. Before the pandemic, people choose their workplace to do their work in a single network, but while being at home, this thing is not possible after the announcement of the government that all the official(private sector) should work from home. The burden on telecom grows up to 40-60%, whereas peoples who are at home and having nothing to do with outings they prefer to indulge in chatting, browsing, surfing, playing games, and much more stuff, which puts an extra load of service provided. But the way the telecom industry handles the situation is far better than expected.

Introduction

The COVID19 virus is one of the biggest pandemics for the world, and to get out of this government are taking essential steps for there countries and states. But the economy of the world is also at the worst point of the situation. It has never been before the economy has come at this point. Due to COVID19, the trading and manufacturing of the product are banned. Those are the main reason for the economy which has come at its worst point. In this critical situation also some of the sectors have helped the government to keep its economy in a strong position. The sectors like software companies and the telecom industry have become a major key role for the government.

India is the second-largest country in the telecom industry, having the current subscribers with 1.18 billion. The experts have also suggested that the number will rapidly increase in the future. The telecom industry has helped the government in many problems during the lockdown. It has become one of the problem-solving products. It has been assisting the government in spreading awareness of covid19. It has played one of the significant roles during the lockdown of COVID19.

The increase in internet users and digital services has created many opportunities and created many problems for the telecom industry. The telecom industry has also helped the people to connect. It is very important to have a strong network connection during the lockdown as it will help the people to keep connected and for spreading the knowledge also. As the government has given the instruction until the situation is under control of the COVID19 pandemic, the schools and colleges have to provide the education online. The dependence of digital tools and services has been increased. For the work from home to the company's employees, the video conference has played a significant role. It has helped the government in expanding the economy.

The telecom industry has played a major role in this pandemic, so the importance of the industry is now known to the government. As to keep connected, we need reliable internet connectivity and network connection. So to decrease the burden of the telecom industry, the government has given relief to them from taxes also.

The key points related to telecom:-

- 1) The Telecom sector consists of three primary sub-sectors:
 - a) Telecom equipment {the largest}
 - b) Telecom services {next largest}
 - c) The wireless communication
- 2) The Telecom sector can appeal to both growth and income-oriented investors.
- 3) Nowadays the Telecom sector has mentioned as an increasingly important sector (In short, the telecom sector overall has exhibited stable long term existence).

Some of the telecom service providers are:-

a. BSNL(Bharat Sanchar Nigam Limited):-

This one is a state-owned telecommunication sector.

Headquarters is in New Delhi.

BSNL has A Wide network coverage for the ideal communication in both rural and urban areas in India.

b. Bharti Airtel limited:- Airtel is a leading global sector with operation in 18 countries.

Airtel ranks all above the top 3 mobile service sectors.

Head Quarter is also in New Delhi.

c. Jio -:

Reliance Jio is the latest sector.

Mumbai, Maharashtra, is headquartered.

But Jio does not offer 2G/3G network communication services, and they work only on VOLTE to allow voice service on its 4G network.

(According to the latest update till December 31, 2019, Jio is recognized as 3rd largest mobile operator in the world with over 389 million subscribers and also the largest mobile network in the Indian telecommunication sector).

Increased on the dependence of digital tools and services

As per the news reports, the normal traffic before the lockdown was 10%, and now after the lockdown, it increased to 20%. Hence according to economic experts, it is a golden opportunity for the telecom industry. The workforce of the sectors has become affected due to COVID19. As dependency on digital tools and services are increased during the lockdown, and some of the manufacturing industries are stopped. Due to an increase and dependence in the services of digital devices have set new challenges to the telecom industry. The network traffic is one of the significant issues.

So many of the OTT platforms are releasing the movie online. So the customers and users are moving online for their entertainment.

The schools and colleges also started and given the slogan of online education. So ultimately, users and dependence of the digital tools increased. All of the payments have also been made online through a different application.

Lockdown restriction and its impact

As demand is rising in the telecom industry, it is dependent on the different sectors in the market. So the manufacturing of the tools has been stopped in the red and containment zone during the lockdown by the services. As per the expert's reports, the supply of the manufacturing products will be affected due to the restriction of the lockdown.

As per the ICEA(Indian cellular and economic association), the manufacturing sector of the telecom industry will be having the loss of ₹15000 crores due to restriction of lockdown.

New subscribers

Due to the restriction of the lockdown, there has been a decrease in the buying of the new sim cards. The reports have highlighted that there is an addition of 3 billion subscribers before the lockdown. But after the lockdown, the addition of the new subscribers will be decreased to 1 million. It has been seen the impact on the revenue in the first session; these will show the effect in April and March.

Due to the lockdown, it will also hold up the project of the 5G spectrum. As demand is rising for developing the infrastructure in the telecom industry. The manufacture of the new 5G handset will also get delayed.

Tariff plans

During the lockdown session, India has the record of keeping the lowest tariff plans as compared to other countries.

As the lowest tariff plan increased the competition of the telecom companies. The share of the market is one of the biggest problems of the telcos. Suppose the telecom company decreased the rates of the plan, then subscribers attracted towards them and so the market share increases. If the telecom industry increased the tariff plans, then the subscribers would change to a new company. As the portability of the sim card is effortless now a day, it just takes 45 hours.

Power tariffs

As there is a burden of the revenue and development of the new infrastructure, the TAIPA (Tower and infrastructure provider association) has given the notice to decrease the rate of the tariff plans.

The Maharashtra state has agreed to reduce the tariff plans up to 10-15%. TAIPA reports stated that such a step like Maharashtra taking action to reduce the power tariff will help the telecom industry from the burden in this situation.

New subscribers

Due to lockdown restriction in the red zone and containment zones, the new subscribers of the telecom industry decreases. As per the report of the COIA, the sum of the new subscribers before the network was 3 billion before the lockdown, and during the lockdown, it has decreased up to 1 billion only as the impact of the lockdown will be seen in the second session in the ending of the march and the beginning of April and not in the first session before April.

Due to lock down the new projects of the telecom industry like the 5g spectrum will be getting delayed. So the manufacturing of the new upgraded handset of 5g is also stopped due to lockdown.

Another critical issue in the telecom industry

Lockdown and covid19 pandemic comes at the time when the telecommunication industry is already facing the problem of the dues of AGR. The Supreme Court rejected the proposal of the telecom industry to pay the dues in the installment. The telecoms have also asked the court to extend the time period for 20yrs. The supreme court has given the next date due to lockdown as there are many important issues pending in the Supreme Court.

Due to the uncertainty of the issues in the Supreme Court. It has been said that no notice has been given to the telecom by the AGR regarding the dues due to lockdown. But the supreme court has been stated clearly that no relief will be given to the telecom industry to delay the AGR dues. If the telecom industry has no cash to pay or if the amount is not paid by the telecom industry, then the high sum of money will be charged.

The outlook of the telecom industry

The outlook of the telecom industry is considered to be one of the booming sectors, and they will have low losses as compared to others. The government recognizes the importance of the telecom industry in the current phase as the telecom industry has helped the government in many contemporary situations. To spread the awareness of COVID19 diseases among the people. As the issue of the revenue will go dip in offset for the other customer, especially who has been doing work from home. As they need a secure internet connection and connectivity.

The telecom industry has also helped the government to provide the current status and details of the covid19 in the particular area. It will help the government to analyze and develop the model for the pandemic. The mobile operators are helping to track the location COVID19 patient as some of the people are not providing information about the disease to the government or hospital. The operators also help in monitoring the laborers for delivering food to them as the government is knowing well about the importance of the telecom sector and developing some reliable strategies for the pandemic.

The current infrastructure and rising demand

After the outbreak of the COVID19 pandemic and due to lockdown, there increased in demand for the infrastructure.

As per the government reports, the speed of the mobile and broadband in India has fallen as the increase of the traffic due to lockdown as the government has got the notice from the COAI (cellular operator association of India) to stop the popups of the ads on the websites and the streaming platform like Netflix, zee5, Amazon prime video, and Disney + Hotstar so that they should stream at low definition. As some of the streaming platforms have already started working in this situation.

The telecommunication industry has also given the notice for starting of setting up towers and not to terminate any interconnection point. As the dependency on the digital service is increased due to this lockdown. People are also moving towards online platforms for their entertainment. Due to those more internet traffic is coming on the network. So the telecom industry knows that they have to develop their infrastructure and new digital tools of good quality for their customers.

As reliance Jio had entered the industry when the other operators were facing the major problem with the government regarding AGE dues. Some of the operators of the telecom industry have suffered significant losses after the launch of the Reliance Jio.

Manufacturing sector

Due to lockdown in a restricted area, the government has stopped the manufacturing unit of the new product.

According to the experts, the manufacturing sectors of the telecom industry will be having the current loss of ₹15000 crores due to lockdown as the government has given relief of the taxes and cost to relieve the burden of the telecom industry.

Now according to new updates, the government has started manufacturing in the red zone also.

Customer retention after the entry of Jio

All the business, small or large, has in mind about customer retention. The Reliance Jio Infocomm Limited is a telecom industry-owned by Mukesh Ambani. Mukesh Ambani entered in 4g market through the name of Reliance Jio in the year 2016. Reliance Jio became the largest telecom industry in India, beating Vodafone, airtel, and idea. But the other competitors are likely to be forced to decrease their plan rates after the entry of the Reliance Jio. Jio has acquired most of the market share. It has also changed the whole telecom market. Nowadays, the telecom industry's performance is based on their market share as the telecom industry is focusing on the market share, so they are giving existing offers to the customer for adding new subscribers so that they can increase their market share. In these lockdowns, as per the reports, the telecom industry is giving the customers additional data increasing their plan validity, extra talk time to attract the customer. TRIA has released the notice to the telecom industry about giving additional benefits regarding the additional talk time, validity, etc. The telecom industry has replied that it will keep the customer updated and spread the awareness of the COVID 19. But due to these steps, the telecom industry will be at a loss.

Customer care:

When the user was arguing with customer care for the bill and payment issue, there was a wastage of time. As the Reliance Jio privacy and policy are to satisfy the customer requirement in any condition. The Mukesh Amban has said to AGM that they will solve all the problems of the customer. The Reliance Jio has acquired a large market share due to the satisfaction of the customer.

Add on pack:

Reliance Jio provides a low tariff plan to the users, which results in that user finishes its current data before the validity of the plan. Due to this, the customer is addicted to the usage of the internet. So they get the ad on the pack, which is also available at low rates.

As the customer is getting more data for low cost, the customer recharges it with no doubt.

Free-roaming

India is a vast country. So there are many different states in India. Some of the operators were charging high rates for incoming and outgoing calls when you travel from your state to other states as the customer was requesting for removing the roaming charges from a long period. As Reliance Jio accepted the customer's request for freeing the roaming charges. As this step of Reliance Jio also forces the other operator to remove the roaming charges. The Reliance Jio played a significant role in this step.

High offers

As many of us are thinking about the great offers on the low tariff plans. But many of the operators who were playing a significant role in the telecom industry like Airtel, Vodafone, and idea provided us high tariff plans. But after the entry of the reliance Jio scenario of the market is change. Reliance Jio started to offer the tariff plans at the low rates.

Network issue

The network problem was also one of the most significant issues in remote areas. The customer was unable to connect through voice calling due to network issues and traffic of users on the network. Reliance Jio solved all the network issues and provided a better network as compared to other operators.

Conclusion

The COVID19 pandemic has affected all the sectors and definitely the telecom industry also. But it has increased the dependence of the on the digital tools and services the network traffic is also increased due to restriction of the lockdown. So the telecom industry will have a bright future. But for the bright future, the telecom industry has to keep themselves updated. Updating themselves means they have to bring new products and digital tools for their customer. They have to improve their infrastructure as the traffic of the network is increasing. The Telecom industry has to move from 4G to 5G, which will provide the customer with a high internet connection so that the customer can access the internet quickly.

Reliance Jio has acquired the most significant market share by understanding customer requirements. Reliance Jio has become the most considerable telecom player by beating the airtel, Vodafone, and idea. It has changed all the market strategy in India and forces the other telecom industry to lower the rates. Reliance Jio has offered the customer low tariff plans and also fulfilled all the customer requirements.

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