

A Study On The Market Share Analysis Of Indian Telecommunication Sector

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ABSTRACT

This study is about market share determination of major companies in the Indian telecom industry and it is fully based on the secondary data taken from websites, journals, etc. The prime motive of this study is to analyze and interpret the market shares of major companies in relation to the subscribers with the help of trend analysis. Trend analysis determines the fluctuation in the total number of subscribers with the help of which trend pattern has been spotted. The pattern spotted is analyzed to provide suggestions for the future survival of each major company and the sector itself.

Keywords: Market shares, trend, wireless subscribers.

INTRODUCTION

India has the second largest telecommunication network in the world by the number of telephone users with 1154.39 million subscribers as on 30th November, 2019. Over the last ten years Indian telecom industry has undergone drastic changes and growth. It can be noted that the considerable solid base of 1154.39 million subscribers is the important factor which had contributed to the rapid development and growth of the telecommunication sector in India. The gross revenue of the telecom sector stood at Rs 2,37,416.6 Crores in 2018-19.

OBJECTIVE OF THE STUDY

- To study the changes in the market share composition of industry with mathematical tools and trend analysis.

STATEMENT OF THE PROBLEM

Market share plays a pivotal role in determining the survival of a company in any industry. This study attempts to analyze the composition of market shares of various telecom companies in the Indian telecommunication sector. The changes incurred in the number of wireless subscriptions over years are used in this study to analyze the increase or decrease in the market shares of major telecom giants in India. Trend analysis is used to evaluate the trend set by those companies in respect of their wireless subscribers.

RESEARCH DESIGN

The data used in this study are collected from secondary sources. The monthly reports from 2014 to 2019 related to the number of wireless subscriptions published by TRAI in its website are used in this study.

REVIEW OF LITERATURE

- **Sahil Singh Jasrotia and et all (2019)** made an attempt to understand the disruptions in Indian Telecommunication sector. Their objective was to analyze the impact of Reliance Jio on Indian Telecom Industry and to examine the factors influencing customer churn from other telecom operators towards Reliance JIO. The tools adopted in this research are qualitative research analysis and Grounded Theory approach. The researcher concluded seven factors which stand as major pillars for Reliance Jio's tremendous success.
- **Aditya Gupta and et all(2019)** made an attempt to know how the telecom industry was before and after Jio and the challenges competitors faced with the introduction of Jio. Their objective was to study the impact of Reliance Jio on the telecom industry, change in market share, to identify the business strategy followed by JIO and its Competitors. The tools adopted for this research are Mean, Standard Deviation, Z- test and Chi-Square Test. The researcher concluded that Jio disrupted the market to such a level forcing competitors to exit or merge.

ANALYSIS AND INTERPRETATION

MARKET SHARE DETERMINATION

The market shares of the Indian telecom industry are determined with the subscriber base of various telecom companies. The charts below represent the market shares held by major telecom companies in the industry.



Figure 1.1

The subscribers count of various telecom companies at the end of November 2014 are shown in the above chart. Airtel was the top service provider during that period with 215.43 million wireless subscribers.



Figure 1.2

This chart represents the subscribers count at the end of November 2015. Airtel had the highest number of subscribers at that period of time with 240.76 million subscribers.



Figure 1.3

Airtel was having the highest number of subscribers followed by Vodafone and Idea during the end of November 2016 whereas Reliance Jio had 51.90 million subscribers though it was introduced in the month of September 2016.



Figure 1.4

At the end of November 2017 Reliance Jio acquired 152.05 million subscribers while Airtel remained at the top with 289.57 million subscribers.



Figure 1.5

At the end of November 2018 Vodafone Idea emerged as the top service provider with 421.13 million subscribers after its merger whereas Airtel and Reliance Jio remained at second and third position respectively.



Figure 1.6

Reliance Jio became the top service provider with 369.87 million subscribers while Vodafone Idea was the second and Airtel being the third.

TREND ANALYSIS

Trend analysis is the process of collecting information from multiple time periods and plotting the information on a horizontal line pattern. Any year can be assumed as base year and the change between such assumed base year and each subsequent further coming year is analyzed and trend pattern can be spotted.

FLUCTUATION OF SUBSCRIBERS COUNT IN THE INDIAN TELECOM SECTOR

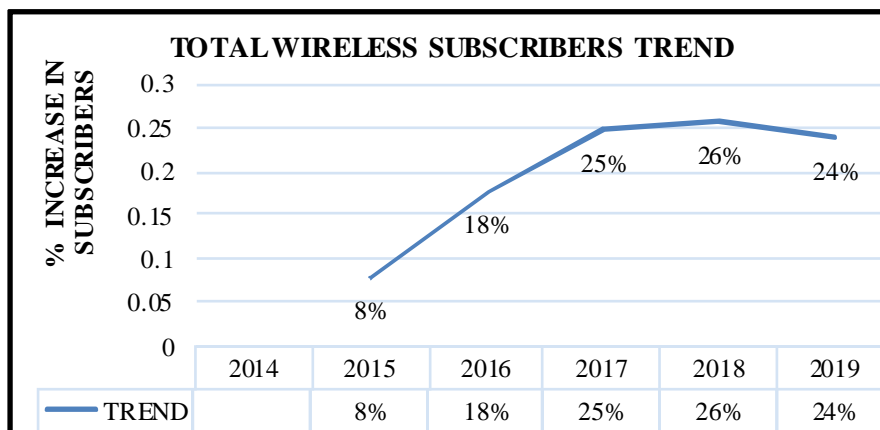


Figure 1.7

The Indian Telecommunication Sector has the highest percentage trend of 26% (1171.76 Million subscribers) in the year 2018 and has the lowest percentage trend of 8% (1009.46 Million subscribers) in the year 2015. In this table, the base year is 2014. This chart shows that the numbers of subscribers are increasing with fluctuations.

TREND ANALYSIS – SUBSCRIBERS OF BHARTI AIRTEL LTD.

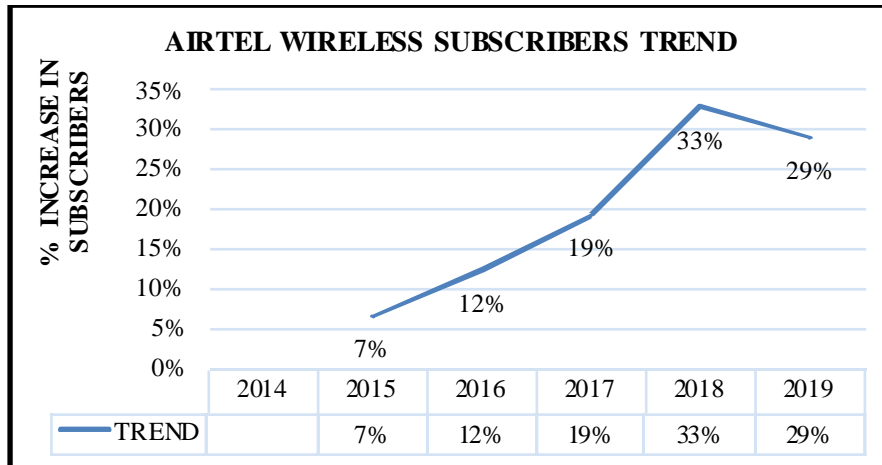


Figure 1.8

Bharti Airtel Limited has the highest percentage trend of 33% (341.8 Million subscribers) in the year 2018 and has the lowest percentage trend of 8% (240.76 Million subscribers) in the year 2015. In this table, the base year is 2014. This chart depicts that the trend is fluctuating and is not consistent.

TREND ANALYSIS – SUBSCRIBERS OF BSNL LIMITED

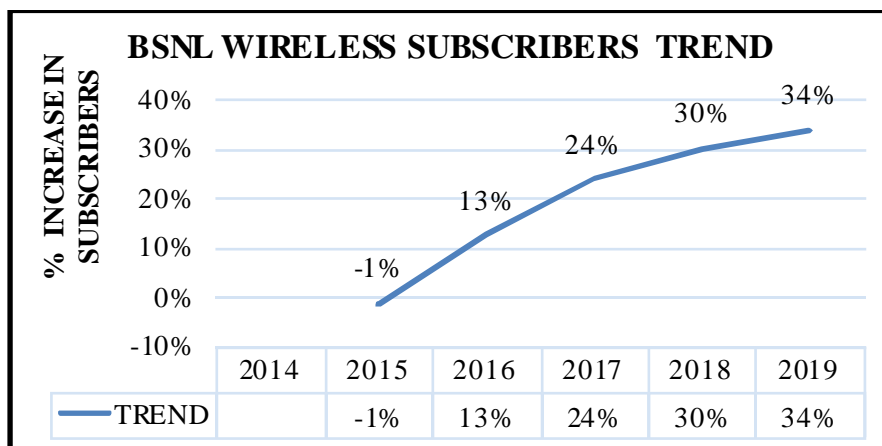


Figure 1.9

Bharat Sanchar Nigam Limited has the increase in percentage trend of 34% (117.63 Million subscribers) in the year 2019 and has the decrease in percentage trend of (1) % (81.36 Million subscribers) in the year 2015. In this table, the base year is 2014. This chart depicts that the numbers of Subscribers are increasing uniformly without fluctuation.

TREND ANALYSIS – SUBSCRIBERS OF RELIANCE JIO INFOCOMM LIMITED

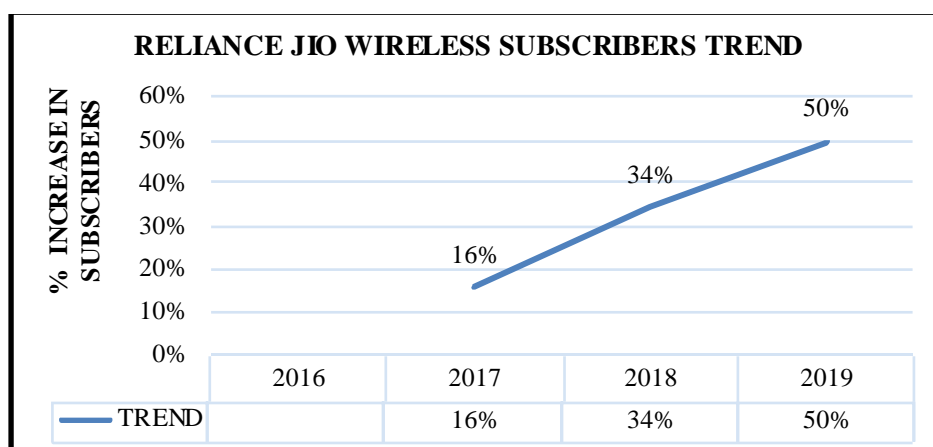


Figure 1.10

Reliance Jio Infocomm Limited has the highest increase in percentage trend of 34% (369.87 Million subscribers) in the year 2019 and has the lowest percentage trend of 16% (152.05 Million subscribers) in the year 2017. In this table, the base year is 2016. This chart depicts that the numbers of Subscribers are increasing uniformly without fluctuation tremendously.

FINDINGS AND SUGGESTIONS

The Indian telecommunication sector's subscriber trend are analyzed and the pattern of fluctuation has been identified. It is found that telecom sector is at its peak of trend in the year 2018 with a total of 1171.76 million subscribers. The number of subscribers is reduced by 17.37 million to 1154.39 subscribers in the year 2019, when the telecom companies informed about change in data plan and talk-time offers. So, it is suggested that the telecom companies should provide services at a relatively low price in order to increase their market shares.

Airtel Limited has consistent trend performance but still it has fluctuations in its pattern of trend. So, it is suggested that Airtel can follow cost leadership strategy by which it can reduce its cost than their competitors to strengthen its market.

Bharat Sanchar Nigam Limited has uniform pattern of increase in trend year by year. It is analyzed that BSNL provides uninterrupted services at reasonable cost because of which it did not face downfall of subscribers count even after Jio had created threat to all competitors in the industry.

Reliance JioInfocomm Limited has created a tremendous increase in trend of subscribers within a short span of time through its cost leadership strategy. So, it is suggested that Reliance Jio can follow this strategy and innovative plans to maintain its captured market.

Reliance communications and Aircel went into bankruptcy despite having considerable subscriber base at the beginning of this study. Vodafone India and Idea Cellular decided to merge in order to strengthen their opportunities in the industry and also to cope up with the threats posed by the competitors.

CONCLUSION

This study is about market share determination through trend analysis of major competitors of the Indian Telecom Industry for the period of 2014-2019. The above findings and suggestions depict that sales at reasonable cost with innovative strategies can let anybody capture the market. So, it is recommended that Cost determination has to be reasonable so that trend pattern shall be consistent without fluctuations. It can be concluded that the total number subscribers increased after the entry of Reliance Jio with its cost leadership strategies and Innovative plans to capture the market by capturing the overall subscribers.

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