
Problems and Prospects of Telecommunication Sector of India: A Critical Review***Dr. Bhupendra Singh****Abstract**

Communication is an integral part of human life. From the very beginning of human civilization people were tried to communicate each others to fulfill their social needs. Over the passes of time though the tools of communication were changed but still it is exist in the society. Currently cellular phone has brought a revolution in the field of communication. Telecommunication makes the whole world in a small village and by using this service life become more comfortable and easier.

This paper discusses the present condition of the telecommunication sector of India (which give special emphasis on the BSNL), what are the major challenges faces by the operators, and also tries to find out the prospects of this sector. It also provides a set of recommendations based on this analysis.

Keywords: Telecommunication, Communication, BSNL.

Introduction

Telecommunications has been one of the fastest growing industries in India. The telecom services have been recognized the world-over as an important tool for socio economic development for a nation and hence telecom infrastructure is treated as a crucial factor to realize the socio economic objectives in India too. The Indian Telecom sector has come a long way since liberalization starting with New Telecom Policy (1999). Telecom sector has witnessed exponential growth especially in the wireless segment in the last few years. Telecom has evolved as a basic infrastructure like electricity, roads, water etc. and has also emerged as one of the critical components of economic growth required for overall socio economic development of the country (Department of Telecom).

The role of telecommunications in economic development, although long recognized, has gained focused attention only in the past two decades. Technological developments and growth in telecommunications and computation have been the drivers for economic liberalization and globalization. The introduction of competition in the provision of telecommunications services, once considered a natural monopoly, resulting in dramatic reduction in the pricing of these services, is one of the main reasons for the expansion of the knowledge-based services sector in which India enjoys a recognized competitive advantage.

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Regulations

1. The Indian Telegraph Act, 1885

This Act is one of the oldest legislations still in effect in India and is an Act to amend the law relating to telegraphs¹⁰ in India.

2. The Indian Wireless Telegraphy Act, 1933

This Act was enacted to regulate the possession of wireless telegraphy apparatus¹¹. According to this Act, the possession of wireless telegraphy apparatus by any person can only be allowed in accordance with a license issued by the telecom authority. Further, the Act also levies penalties if any wireless telegraphy apparatus is held without a valid license.

3. The Telecom Regulatory Authority of India Act, 1997

The Telecom Regulatory Authority of India Act, 1997 enabled the establishment of the TRAI. The role and functions of the TRAI have already been discussed in Chapter III above. Interestingly, the 1997 Act empowered the TRAI with quasi-judicial authority to adjudicate upon and settle telecom disputes. Later this Act was amended by the Telecom Regulatory Authority of India (Amendment) Act, 2000 to bring in better clarity and distinction between the regulatory and recommendatory functions of TRAI.

4. The Information Technology Act, 2000

In 2000, the Indian Parliament passed the Information Technology Act, 2000 (“ITA”) mainly to promote e-commerce and give legal recognition to electronic documents and digital signatures as means to authenticate electronic documents. Later, the Information Technology (Amendment) Act, 2008 (“ITAA 2008”) was passed which provided additional focus on information security as well as added several new sections on offences including cyber terrorism and data protection.

5. Communication Convergence Bill:

In the year 2000, the Government of India introduced a proposed Communication Convergence Bill (the “Convergence Bill”).As its name indicates, the objective of the Convergence Bill is to establish a new “converged” regulatory framework to promote and develop the communications sector (including broadcasting, telecommunications and “multimedia”) in an environment of increasing convergence of technologies, services and service providers.

6. National Telecom Policies:

Driven by various policy initiatives from NTP'94 and NTP'99, the Indian telecom sector witnessed a complete transformation in the last decade. But, since then there has been a rapid advancement of technology, and many changes have arisen in the telecom scenario in the world, thus, creating a need for reviewing the current telecom policy. National Telecom Policy 2012 is expected to ensure that India's growth doesn't slow down and it plays a leadership role effectively.

Problems and Prospects of Telecom Sector of India:

Actually problems and prospects of any business sector is related to its strengths, weaknesses, opportunities, threats (SWOT) and also political, economical, socio-cultural and technological (PEST) issues of any country as well as the organization. Though telecommunication sector of our country face a lots of problems, it's also a prospective field till now.

Problems of Telecom Sector of India:

a) **High Competition:** High competition in mobile or telecom sector in our country is one of the main problems. If we have a look in the primary stage of our telecom sector, we had only city cell and Grameen phone and they were operating their business in own way. They took the first mover advantages but when Airtel, Idea, Reliance come to compete in the market then the market became more competitive and still there exist a high competition in this sector. So to face this competition/ challenge some of the operators are thinking to merge their business to survive in the market

b) **Poor Economic Background:** As a least developed or developing country India has a poor economic background where a major portion of our people are living under the poverty line. So it is difficult to operate such type of business in India with making a remarkable profit. By considering this economic background, the telecom sector is to fixed the call rate, should reduce tax on SIM and sacrifice more to operate their business.

c) **Instable Political Situation:** Our previous history tells that India is not a politically stable country. Different types of political violence, pressure of army, corruption and many more problems make our country instable and also has made this sector insecure. If we have a look last few year our democracy had face many ups and downs, as we don't have any foreign direct investment (FDI) in any of the sector.

d) **Import Tax:** In case of technological perspective, India is not good enough. So mobile phone operators is to transfer or import technologies, hand sets and other equipments related to the telecommunication and for this they are to pay 35% import tax on it. It is also a great problem for this sector to make profit and survive in the market.

Conclusion and Recommendation:

From the above discussion it can be said that the India telecom market has lot of potential to offer considering strategically ignorable or somehow alterable threats. The market seems to be very potential & prospective. Lots of opportunities are waiting. Customer demand for

telecom product is also high. Govt. policies are also becoming liberal. Though telecommunication sector plays a vital role in our economy by creating job, generating revenues and contributing different type of social programs but our tax system and market structure makes it a non-profitable sector. So it is essential to establish an ICT industry immediately to get continuous support from this sector. To expand this sector we need to ensure a friendly environment and monitoring and control system which will take care and give suggestions to solve the problems of this sector. More over the aims and objectives of national telecom policy (NTP)/1998 and India telecommunication act (BTA)/2001 must have to apply properly to ensure the friendly environment and solve the existing problem of this sector. Besides this the Government should reconsider their tax policy. As result government can earn additional to 50 billion So our government should think and reconsider the tax policy which also can help to ensure their election commitment/ agenda of “Digital India by 2021”

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