

BSNL AND AIRTEL'S POSITION AFTER THE LAUNCH OF RELIANCE JIO

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Abstract: *In India, the telecommunication industry is growing at a very fast speed. The concept of Telecommunication is introduced in 1851 for the first time in India. At that time it comes under the post department. The actual evolution of the industry started after the government separated the Department of Post and Telegraph in 1985 by setting up the department of Post and the Department of telecommunications (DoT). Indian telecommunication sector underwent transformation through significant policy reforms after the announcement of National Telecom Policy, 1999. There are the numbers of telecom service providers in the market. Reliance Jio enter in the market with great power and policies. The researcher points out the effects of Reliance Jio on both the companies. Reliance Jio launched in September, 2016. Jio offers internet and calling facility free of cost. As a result, lots of people purchase the SIM of Jio that affects all other service providers. Jio wants to capture a good market share in this cut throat competition. So, company offers free services in its launching days.*

Index Terms: BSNL, Airtel, Telecom Sector, Reliance Jio

INTRODUCTION

Technology is the gift of science to humans. Telecom sector is one of the most important gifts of technology for the human being. It changed our lives in a drastic way. Nowadays this becomes an inseparable part of our life. We can't imagine our life in the absence of mobile phones and other connectivity devices. A large industry is set up by the growth of telecom companies because many people from among all countries use the mobile phone in daily routine. This sector is also beneficial for all other business industries because to manage a business communication is must. Telecom sector act as a bridge between persons and bridges the gap between them. It helps people to get closer. In India, many telecom service providers are popular for example BSNL, Airtel, Reliance Jio, Idea and Vodafone etc. But still, in our country telecom sector is growing at a high speed. Telecom sector is still growing at a high speed. In the financial year 2016-17, it becomes the second largest sector in the world having 1124.41 million telephone connections including 1099.97 Million Wireless telephone connections. Overall teledensity (telephones per 100 populations) in the country in 2016 becomes 87.85%, in which urban teledensity is 164.3% whereas rural teledensity is 52.97%. The number of broadband connections also increases as compared to last few years. On October 2016 number of broadband connections is 218.43 million. The monopoly of state-owned BSNL is decreasing by the entry of the private players like Vodafone, Airtel, Idea, etc. It is the effect of the liberalization policy of India. Many new innovations take place in the telecom sector and price is lowered down by the entry of private firms in the telecom industry because private players want to break the monopoly and make new customers. This is done only by customer's welfare and by providing the best services. In today's world customers are the king of the market and because of this customer have lots of choices which are both luxurious or necessities. The main task is to match expectation level of consumers by providing add-on services of good quality along with basic services.

COMMUNICATION SECTOR IN INDIA

In this knowledge-intensive world, communication sector has assumed the position of an essential infrastructure for social-economic development. The reach of telecom services to all regions of the country has become an integral part of an innovative and technologically-driven society. As a result of different efforts made by the government over the years, the Indian telecommunication industry is the world's fastest growing industry with 1099.97 million mobile phone subscribers as on November 30, 2016. It is also the second largest telecommunication network in the world in terms of number of wireless connections after China (Ministry of Finance, Government of India 2016-17). The call tariff rates are very cheaper in India as compared to the other countries of the world. After the high pace of market liberalization and growth since 1990s, a rapid growth is measured in telecom sector due to the entry of private players. Because of increase in competition, prices are dropped and calls in India are now one of the cheapest in the world.

- The Department of Telecommunications (DoT) plays an eminent role in the field of telecommunications and is responsible for Policy Formulation, Performance review, Monitoring, International cooperation and Research & Development and also for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country.
- TRAI is established on 20 February 1997 by an Act of Parliament to regulate telecom services and tariffs in India. It played an important role in the development of the telecom, broadcasting and cable services. It is established to create a fair and transparent environment that encourages competition, promotes a level-playing field for all service providers and protects the interest of the consumers.
- National Telecom Policy 2012 is a replacement of National Telecom Policy 1999. NTP-2012 has been formulated with the purpose of bestowing accelerated and comprehensive economic growth by laying stress on providing affordable and quality telecommunication services in rural and remote areas.
- In the year 2010, the National Telecommunications Academy (NTA) was established as a technical training institute for the department. The mandate of Institute was expanded by giving it activities related to Policy Research & Innovations and institute was named as

National Telecommunication Institute for Policy Research, Innovations and Training (NTIPRIT) in 2011. Since then NTIPRIT it has grown and is now a Central Training Institute (CTI) enlisted with Department of Personnel and Training.

TELECOM INDUSTRY IN INDIA

Telecom sector is gone through a long journey. The popular meaning of telecom always involves electrical signals and as a result, people often exclude postal or any other raw telecommunication method from its meaning. Many new innovations are developed in Telecom industry in India and it can be started with the introduction of telegraph.

The first experimental electric telegraph line was started between Kolkata and Diamond Harbor in the year 1850. Within one year in 1851 it is open for the use of British India Company. At that time, The Posts and Telegraphs Department occupied only a small corner of the Public Works Department (The Indian Telecom Industry-BSNL). A separate department for Telegraph is opened in 1854 by British East India Company in which facilities were opened to the public.

Next step is taken in 1880, with the introduction of telephone, when two new companies which provide telecom service namely The Oriental Telephone Company Limited and the Anglo-Indian Telephone Company Limited approached Government of India to establish telephone exchange in India. They didn't receive permission from the government. In 1881, the government later reversed its earlier decision and a licence was granted to the Oriental Telephone Company Limited of England for opening Telephone Exchange in Madras, Bombay, Calcutta and Ahmedabad. Soon all major cities are linked with telephone exchanges, while others are linked during the British period. Almost 80,000 telephones are working in the year 1948. The number of telephones is 980,000 in 1971; 2.15 million in 1981 and 5.07 million in 1991. Time to time certain measures are taken to boost the Telecom Industry but the real transformation has gone place in the year of 1994 with the announcement of the National Telecom policy of India.

Now its turn for introduction of internet in India. In 1986, with the launch of ERNET the history of internet in India began. At that time the network was only made available to educational and research communities. ERNET began as a multi-protocol network with both the TCP / IP and the OSI-IP protocol stacks running over the leased-line portion of the backbone. The first leased line was installed between Delhi and Mumbai in January, 1991. NICNet was established for communication between government institutions in 1988. National Informatics Centre operated this network. The first publicly available internet service in India was launched on 14 August, 1995 by state-owned VSNL. The Internet service was made available immediately from Mumbai, Delhi, Kolkata and Chennai.

In 1996, the internet service got a boost in popularity after successful demo at the NASSCOM meeting at the Nehru Centre in Mumbai. New POPs were opened in Kanpur, Lucknow, Chandigarh, Jaipur, Hyderabad, Patna and Goa in 1997. The number increased to 40 in 1998. In 1997, Integrated Services Digital Network (ISDN) access was introduced. The government formulated its broadband policy in 2004. The growth of broadband sector accelerated in the country but remained below the growth estimates due to resource issues in last-mile access which were predominantly wired-line technologies. This is removed by the launch of 3G spectrum by government in 2010. And further an equally high-profile auction of 4G spectrum set the scene for a much better broadband market.

MAJOR TELECOM COMPANIES IN INDIA

Two major companies i.e BSNL and Airtel, are taken for research in this paper by the researcher. The choice of the companies is made on the basis as BSNL is a public sector company whereas Airtel is in the private hands and is one of the largest service provider in the country. Now, the effect of Reliance Jio on both the companies is studied because Reliance Jio is newly launched company, yet it acquired a major share in the telecom industry by its different offers in the country.

RELIANCE JIO

Reliance Jio Infocomm Limited or Jio is an LTE mobile network operator in India. It is a wholly owned subsidiary of Reliance Industries headquartered in Navi Mumbai, Maharashtra that provides wireless 4G LTE service network (without 2G/3G-based services) and is the only 'VoLTE-only' (voice over LTE) operator in the country which lacks legacy network support of 2G and 3G, with coverage across all 22 telecom circles in India.

In June 2010, Reliance Industries bought a 96% stake in Infotel Broadband Services Limited (IBSL), the only company in the country that has broadband 4G spectrum in all 22 circles, for ₹4,800 crore (US\$740 million). Later continuing as RIL's telecom subsidiary, Infotel Broadband Services Limited was renamed as Reliance Jio Infocomm Limited (RJIL) in January 2013. The services were first beta-launched to Jio's partners and employees on 27 December 2015 on the eve of 83rd birth anniversary of late Dhirubhai Ambani, founder of Reliance Industries, and later services were commercially launched on 5th September 2016.

BSNL

Bharat Sanchar Nigam Ltd. was incorporated on 15th September, 2000. It took over the business of providing of telecom services and network management from the erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from 1st October, 2000 on going concern basis. It is one of the largest & leading public sector units providing comprehensive range of telecom services in India.

Today, it has about 36.42 million line basic telephone capacity, 7.13 million WLL capacity, 95.96 million GSM capacity, 34,727 fixed exchanges, 1,17,090 GSM BTSs, 9,594 CDMA Towers, 102 Satellite Stations, 7,73,976 Rkm. of OFC, 4751 Rkm. of microwave network connecting 646 districts, 4519 cities/towns & 6.25 lakhs villages.

BSNL is the only service provider, making focused efforts & planned initiatives to bridge the rural-urban digital divide in 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 the country & operates across India except New Delhi & Mumbai. Whether it is inaccessible areas of Siachen glacier or North-Eastern regions of the country,

BSNL serves its customers with a wide bouquet of telecom services namely Wireline, CDMA mobile, GSM mobile, Internet, Broadband, Carrier service, MPLS-VPN, VSAT, VoIP, IN Services, FTTH, etc.

Airtel

Bharti Airtel Limited established on 07 July, 1995 as a Public Limited Company, is a leading global telecommunications company with operations in 17 countries across Asia and Africa. The Headquarters of the company is in New Delhi, India. The company ranks amongst the top 3 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long distance services to carriers. Bharti Airtel had over 372 million customers across its operations at the end of March 2017.

The proportionate revenue of the company is Rs. 249,596 million (ended March 31, 2016-Audited) and Rs. 219,346 million (ended March 31, 2017-Audited). The company has a customer base of 273,648,000 GSM mobile; 2,129,000 –Homes customers and 12,815,000- Digital TV Services in India on March 31, 2017. In Africa, it is 80,061,000 GSM mobile customers and in SA it is 1,964,000 mobile customers on March 31, 2017. The company has 3997.4 Mn shares listed in both NSE (National Stock Exchange) and BSE (Bombay Stock Exchange) as at March 31, 2017.

EFFECT OF RELIANCE JIO ON BSNL AND AIRTEL

Researcher studied the quarterly reports of both Airtel and BSNL from 1 April, 2016 to 30 June, 2017. Total 5 quarters are considered, 2 before the launch of Jio and 3 after its launch. The researcher makes the study on the following grounds and some facts are revealed. This study detects the impact of Reliance Jio on Airtel and BSNL. These are following:

PROFIT: Profit is the motivational factor for the companies and it is the main motive of each and every company. If profits are good, then companies motivated and do more for the betterment of the company. Competition directly affects the profits of the company.

Quarter	Airtel		BSNL	
	In figures	Change in %	In figures	Change in %
1 April, 16 to 30 June, 16	28,467	—	-19,450	—
1 July, 16 to 30 Sept, 16	27,353	-3.91	-17,210	11.51
1 Oct, 16 to 31 Dec, 16	20,595	-24.7	-28,500	65.6
1 Jan, 16 to 31 March, 16	12,515	-39.23	-48,900	71.57
1 April, 16 to 30 June, 16	14,816	18.39	--	--

The table shows with the introduction of Reliance Jio the profits of the Airtel are reduced to a great extent. In the first and second quarter of 2016-17 the profits of Airtel are almost equal i.e. 28,467 million and 27,353 million respectively. But after the launch of Reliance Jio in third quarter its profits mitigate to 20,595 million. This decreasing trend continues in next year also as in first quarter of 2017-18, profits of Airtel are only 14,816 million. BSNL is already running in huge losses from the last few years. The company's losses are 17,210 million in first quarter of 2016-17 and after the launch of Jio losses bear by the company is 48,900 million.

NUMBER OF CUSTOMERS: As it is general fact that customers are the focus point of the market and all companies want to increase their numbers of customers. The profits and customers of the companies are directly proportionate to each other. Reliance Jio steals the customers of both the companies by providing services at reasonable rates.

Quarter	Airtel		BSNL	
	In figures	Change in %	In figures	Change in %
1 April, 16 to 30 June, 16	357.846	—	103.74	—
1 July, 16 to 30 Sept, 16	363.088	1.46	107.66	3.72

1 Oct, 16 to 31 Dec, 16	364.564	0.40	110.53	2.67
1 Jan, 16 to 31 March, 16	372.354	2.14	114.68	3.75
1 April, 16 to 30 June, 16	379.870	2.02	--	--

The table gives the interesting fact that as per expectations the numbers of Airtel and BSNL customers are not decreased. Before the introduction of Jio Airtel has 363.088 million customers in second quarter and after Jio in third quarter it even increased to 364.564 million customers. Same as Airtel BSNL customers are also even increased by 2.67% in third quarter. This trend continues in next quarter, Airtel has customer base of 372.354 million and BSNL has 114.68 million in fourth quarter. The main reason for no big change in the customer base is people having dual SIM mobile phones and they have one SIM of Reliance Jio and other SIM of any other company.

MOBILE SUBSCRIBERS: The mobile subscribers are another factor criteria for the study. It also presents the interesting facts. Due to the benefits of mobile phones customers shifts from landlines and broadband to mobiles. So, every company wants to attract more and more mobile customers. Companies generate maximum revenue from mobile SIM subscribers than any other service.

Quarter	Airtel		BSNL	
	In figures	Change in %	In figures	Change in %
1 April, 16 to 30 June, 16	255.7	—	89.54	—
1 July, 16 to 30 Sept, 16	259.9	1.64	93.77	4.72
1 Oct, 16 to 31 Dec, 16	265.9	2.30	96.79	3.22
1 Jan, 16 to 31 March, 16	273.6	2.90	100.99	4.34
1 April, 16 to 30 June, 16	280.6	2.56	--	--

Data from the table shows that both the companies neutralise the effect of Reliance Jio as there is no big change in their mobile subscribers. Airtel has 255.7 million mobile subscribers and BSNL has 89.57 million mobile subscribers in first quarter of 2016-17. After the launching of Reliance Jio both the companies get a hike in area of mobile subscribers. Airtel mobile subscribers become 273.6 million and BSNL mobile subscribers become 100.99 million in fourth quarter. The main reason behind this is that Jio support only 4G mobile phones. A non-user of 4G phone can not avail Jio facilities.

INTERNET: Another sector of difference is internet. Internet is very popular and useful among all aged groups. Main reason for the success of Reliance Jio is its unlimited 4G internet service. Internet connectivity of every company is not present all over the country but when the Reliance Jio is introduced it tried to provide its connectivity to almost all areas by establishing many new towers.

Quarter	Airtel		BSNL	
	In figures	Change in %	In figures	Change in %
1 April, 16 to 30 June, 16	58.9	–	88.60	–
1 July, 16 to 30 Sept, 16	62.7	6.45	92.91	4.86
1 Oct, 16 to 31 Dec, 16	54.9	12.44	95.97	3.29
1 Jan, 16 to 31 March, 16	57.4	4.55	100.21	4.42
1 April, 16 to 30 June, 16	62.6	9.06	--	--

As per data numbers of internet users are affected to a little extent in case of Airtel. Airtel has 58.9 million internet users and BSNL has 88.60 million users of internet in the first quarter of 2016-17. After the launching of Reliance Jio interesting changes happened. Airtel internet users are reduced by 4 million and BSNL internet users are increased by 6.37 million. Number of internet users in fourth quarter of 2016-17 increased to 57.4 million and 100.21 million of Airtel and BSNL respectively.

CONCLUSION

To be concluded it can be said that Reliance Jio is having not much impact on the Airtel and BSNL. Customers of both the companies not decreased but the profit margin is reduced to a large extent. Reason for the same is that mostly customers do not shift to Reliance Jio but to offset the effect of Jio both the companies must make their services cheaper which will directly affect their profit margin. It can also be said that the impact of Jio is more on Airtel than on BSNL.