

A study on the boon of telecom industry during the lockdown 2020

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Abstract

The current pandemic has painted an altogether new picture of development for specific sectors, especially the telecommunication sector which has assumed the function of a lifeline for the companies and people during quarantine and lockdown. Data has to be collected from multiple sources of evidence to understand the importance and overview of the telecom industry, in addition to books, journals, various websites, and news papers. This study discussed Role of India's Telecom Sector in Lockdown Period and Internet Consumption on Lockdown Period .Finally, scenario for COVID-19, Market Size of Indian Telecom Industry and Paradigm Swift in Consumer Preference.

Keywords: COVID-19, Telecom Sector, Internet Consumption, lockdown, Market Size, Consumer Preference.

Introduction

The corona virus-driven lockdown and social distancing measures have led to higher dependence on digital tools, which in turn is driving demand for telecom services. Further, the financial impact on service delivery is expected to be very minute given the essential nature of communications offerings (Rajat Chitravanshi, 2020) the nationwide lockdown has resulted in a sharp rise in internet usage, especially in the traditionally underpenetrated wired broadband segment. According to an Edelweiss report, the lockdowns are spurring a “paradigm shift” in consumer behavior. “This is leading to higher dependency on digital tools such as videoconferencing, collaborative applications, etc, driving up demand for telecom services,”(<https://www.newindianexpress.com>)Telecommunications has been directly contributing around 6% of the GDP and during the lockdown, this has gone up 5-6 times, which is huge. While, at the moment it is acting up as a by-pass or a back-up infrastructure where organizations including the governments have put up activities via digital mode.(<https://telecom.economicstimes.indiatimes.com>)

As the global economy continues to reel from the shock and the lasting impact of the novel corona virus (COVID-19) outbreak, “work from home” and “social distancing” have become the buzzwords in today’s business landscape, with the telecom sector being the invisible hand driving this shift. Remote working, video conferencing, and telecommunications technology have quickly emerged as key enablers for business operations during this lockdown, and streaming services such as Netflix have become the go to source for entertainment, putting the telecom sector in the spotlight today (Pathak, A et al ,2020) According to our India Telecoms Report, the publisher forecasts that mobile subscriptions and fixed broadband subscribers will continue to fuel the telecoms sector growth in the 2019-25 period. More than 600m people became Internet users over the last six years and another 600m more Internet users are expected to come online over the next six years by 2025 (Markets, R. A.,2020)

Review of literature

G, R (2013) India is the second largest telecom market in the world and is amongst the fastest growing markets. The country offers robust growth opportunities driven by strong growth fundamentals, increasing urbanization, rising income levels and favorable demographics. **Bhandari,R,(2013)** India is the booming market for the telecom sector. It is ranked second in telecom network providers all around the world. This industry has witnessed significant growth in subscriber base over the last decade, with better network coverage and competition induced decline in tariffs. This attracted various foreign companies to invest in this sector. **Amutha, D.(2012)** India has emerged as one of the youngest and fastest growing economies in the world today. One of the sectors that has shown the signs of profitability and contributed significantly to the country's economy is the telecom industry. In fact, the Indian telecom market has gained recognition as one of the most lucrative markets globally.

Borah, N(2014)The telecommunication industry in India is rapidly growing and witnessing many developments. It has gone through several transformations that have led to severe competition in the industry. This article traces the major policy reforms in the Indian telecommunication sector. Moreover, the article also discusses the changes strategies adopted by the two key market players - Vodafone and Airtel. The paper will provide a comprehensive knowledge on the recent developments in the sector and will help highlight the changes in the telecommunication industry. **Panda, R.(2018)**Over the last few years, Indian telecom market has experienced enormous growth because of several factors like domestic demand, policy initiatives and policy amendments, liberalization, structural and regulatory reforms and competition.**Das,et al (2020)**The current corona virus pandemic could lead to a four per cent permanent loss to real Indian gross domestic product (GDP) .It is estimated for India's Gross Domestic Product (GDP) growth rate to 1.9 per cent for 2020-21. This will be the lowest after India recorded growth rate at 1.1 per cent in 1991-92.The COVID 19 has disrupted major sectors, it's clearly evident that various sectors tourism & aviation, telecom, auto sector, transportation are the most impacted sectors that are facing negative repercussions of the present disaster .

Reddy, P. (2020) the issue of technological standards has become increasingly important in the context of telecommunications technology. With every new generation of mobile technology, the issue of determining standards has become progressively more complicated. Most literature on this issue has focused on the standard setting process or the litigation that has resulted around the enforcement of patents over technical standards. **Chakraborty, S. and Basak (2020)** A.In this difficult time, telecommunication networks have been identified as a critical service. Mobile and fixed broadband networks have played a key role to enable rapid transition of work from physical offices to digital platforms. Sensing capabilities are also being exploited for contact tracing and early isolation of infected people or areas. Wide range of social and educational applications is also being launched to deal with mental and physical health related problems. Industrial automation powered by wireless sensor networks (WSN) is heralding the Industrial Internet of Things and Industry (IoT) 4.0. **Izzeldin et al (2020)** Our paper investigates the impact of COVID-19 on stock markets across G7 countries (the US, the UK, Canada, France, Germany, Italy and Japan) and sectors (Consumer Goods, Consumer Services, Financials, Healthcare, Industrials, Materials, Oil & Gas, Technology, Telecommunications and Utilities) and highlight the synchronicity and severity of this unprecedented crisis. We find strong transition evidence to a crisis regime for all countries and all sectors suggesting the universal impact of COVID-19.

Objectives of the study

1. To review the existing literature review on Telecom Sector
2. To study the Indian Telecom Sector marketing size
3. To study the telecom industry during the lockdown period

Methodology

The study is descriptive in nature and is based on secondary data. The data are collected from various reports, research papers from Google Scholar and internet sources.

Indian scenario for COVID-19

The corona virus outbreak that started in China's Wuhan city in early December last year is having a major impact on the global economy. The widespread pandemic has given a wakeup call to all the affected nations to the limitations of their analogue healthcare system(P. V., R.,2020) The COVID-19 pandemic in India is part of the worldwide pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The first case of COVID-19 in India, which originated from China, was reported on 30 January 2020. India currently has the largest number of confirmed cases in Asia(<https://en.wikipedia.org>)

COVID-19 Virus Spreading Speedily in India from March 2020. The Government of India decided to completely lockdown 21 days in India by 24 March 2020. Due to the Lockdown announced by the Indian government all type works, Jobs and business suspended for unspecified times. Most of the business is Sinking due to Lockdown or working very slow. Period of current crisis unknowable. Amidst the COVID-19 pandemic Hospital has a ventilator shortage. The Entire world is under one of the most pandemic situations ever caused on earth. Millions of people have become the victim of this deadly disease. We don't even know how long it would still go.(Kumar Chaudhary, R,2020)

India is at a crucial juncture in its fight against COVID-19 pandemic, which is inflicting unprecedented health, economic, and financial stability challenges. The first priority is, of course, to save lives. But the necessary containment measures to limit the spread of the virus are causing a dramatic decline in economic activity and policymakers are worried about how to fight the virus and minimize its impact on the economy(Mahajan, S.,2020) The Government of India and the health care providers have been relentless in their efforts. The citizens must also help support the fight against the pandemic by adhering to government advisories of containment and social distancing (Pal, R and Yadav, U, 2020)

Market Size of Indian Telecom Industry

India ranks as the world's second largest market in terms of total internet users. The number of internet subscribers in the country increased at a CAGR of 45.74% during FY06–FY19 to reach 636.73 million in FY19. The internet subscribers reached 687.62 million by September 2019. Total wireless data usage in India grew 10.58% y-o-y to 19,838,886 terabytes between July-September 2019.India is also the world's second-largest telecommunications market. It's total telephone subscriber base and tele-density reached 1,177.97 million and 87.37%, respectively, in FY20.Gross revenue of the telecom sector stood at Rs 185,291 crore (US\$ 26.51 billion) in FY20 (April-December 2019).Over the next five years, rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India, creating opportunities for new businesses. (Brand India, 2020)

Role of India's Telecom Sector in Lockdown Period

Sector regulator TRAI has asked telecom operators to extend the validity period of prepaid users to ensure that subscribers get uninterrupted services during the 21-day nationwide lockdown. Telecom Regulatory Authority of India (TRAI) has also sought details of the steps being taken to ensure availability of uninterrupted telecom services to such customers on a "priority basis"(<https://www.business-standard.com>) Telecom sector has not been impacted as dramatically by COVID-19 market disruption because of the newer use cases generated amongst its users. While the lockdown brought the economy to a halt, it created demand on account of people working-from-home, schools going online, home

entertainment, and isolated consumers reaching out to friends and family (<https://home.kpmg/in>)

The telecom industry is in discussions with district and local authorities across States for opening up prepaid recharge centers following the recent orders by the Home Ministry and hopes that these outlets will start operations in a day or so(<https://www.thehindu.com>)Telecom services have so far been unaffected during the lockdown in May, barring in West Bengal and Odisha. Users have been able to recharge connections and towers have not recorded any downtime. The country has a total of 5.93-lakh telecom towers and about 1.1 billion SIM connections across three private operators and two State-run companies (Kurup, R., 2020)

The new normal will see an increase in enablement through telecom as the sector braved the conditions to keep the networks up and implement necessary changes on-the-go to augment capacities due to an unprecedented increase in the demand for digital services enabled by telecommunications. According to the report prepared by research firm tech ARC in collaboration with the Cellular Operators Association of India (COAI), the telecom leaders saluted the central government as well as the state governments for providing all support to the industry during these tough times. "With the timely intervention of the Department of Telecommunications and coordination with various state and local authorities, the defunct BTS (base transceiver station) sites were brought down from 800 to 70, increasing the capacities substantially (<https://www.news18.com>)

As the telecom players ensured their networks were up and running to meet the unprecedented surge in demand during lockdown times, the sector is currently enabling 30-35 percent of the GDP in the COVID-19 lockdown and social distancing period, other than the present 6 per cent direct contribution to the GDP, (<https://cio.economictimes.indiatimes.com>) Telecom services played a vital role in ensuring that peoples' aspirations to have a roof and four walls to live in are secured. "The business was dependent on the telecom network that supported video call and webinars (M.Rajendran. 2020)

Internet Consumption on Lockdown Period

The lockdown, amidst changing a lot of things all around us, made our Internet connection umbilical. It became a major source of Entertainment, our connection to the outside world, collaboration tools to get jobs done and our information place for learning and acquiring new skills. The Covid-19 pandemic and the subsequent lockdown led to a massive surge in the use of the internet across India. Lockdowns, social distancing and the new normal of restricted workforce has pushed users to explore new scenarios to maintain life and business continuity (<https://www.dqindia.com>)

According to data released by the Department of Telecom, India's internet consumption rose by 13% since the nationwide lockdown. Indians consumed 308 petabytes (PB) of data daily on an average for the week beginning March 22. This sudden overnight surge in demand caught the industry off-guard with mobile network operators (MNO) struggling to augment capacity and manage data traffic. During the lockdown, MNOs worked closely with satellite operators utilizing additional backhaul capacity to ensure connectivity to suburban and rural areas. A recent report by Kantar highlighted that India's rural areas have witnessed a 45% growth in internet penetration in 2019 as compared to urban India's 11%. Though telecom operators maintain that existing infrastructure has enough capacity to deal with the surge in demand, the growth in demand and rapid changes in consumption trends need to be closely monitored and managed(Chatterjee, S,2020)

Paradigm Swift in Consumer Preference

A major shift in consumer behavior is underway in the wake of the COVID-19 and lockdown measures that are aimed at controlling the spread of COVID-19 pandemic. Higher dependency by the companies and individuals on digital tools such as videoconferencing, webinars, conference calls, etc.(<https://taxguru.in/>)

Conclusions

Telecom sector are continuously adapting to the changes caused due to COVID-19 crisis. Being the sole distributor of Internet infrastructure to other industry verticals, telecom operators have made several amendments in their operations and offerings to serve their customers in a better way. Though the coronavirus pandemic brought in several challenges, initiatives taken by the telcos are surely going to retain their business partnerships and customers for the long-term. That should lead to an increase in telco revenues during the COVID-19 pandemic and thereafter when life returns to normal.(Weissberger, A,2020)

The current pandemic situation may result in key upheaval in the telecom sector. As COVID-19 proceeds with its rampage, certain relaxations and help measures may absolutely go about as a guide to the telecom sector. Increasing time of lockdown will look for adaptable and tough media transmission offices to fulfill the expanding needs of organizations and individuals because of work from the home strategy. According to information and examination of telecom organizations, it is additionally expected that COVID-19 will help improvements in cutting edge digital infrastructure systems, and may result in the interest of 5G innovation.

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