**INTRODUCTION**

India is currently the world’s second-largest telecommunications market with a subscriber base of 1.20 billion and has registered strong growth in the last decade and half. India is already one of the largest smartphone markets in the world in terms of volume. The average handset price for smartphones has been declining, with an entry-level 4G smartphone available for INR 2,999. The average data consumption per user is increasing, with increased adoption of smartphones and availability of content. Mobile banking transactions are on the rise due to increased smartphone adoption. Between FY13 and FY16, mobile banking transaction volume and transaction value have increased at a CAGR of 90% and 306%, respectively. This reflects that wireless smart devices are becoming a preferred medium for banking transactions.

In addition, the digital payments ecosystem is growing by leaps and bounds in India. This is largely possible as India is transitioning to a digital economy. Digital wallets witnessed exponential growth in the back of the recent demonetization drive by the Government of India. The proportion of mobile wallet transaction volume to total payment transactions has increased from 0.4% in FY13 to 4% in FY16, and is expected to grow significantly in the future. Further, with the launch of Payments Bank by a leading operator in 2016, financial inclusion for the unbanked would get a major boost.

The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth in the Indian telecom sector. The Government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms have made the sector one of the fastest growing and the top five employment opportunity generator in the country. Further due to pandemic Covid-19 attack in 2019-2020, the demand for digital transactions in each and every corner of the society grew rapidly; for health safety educational institutions, large offices particularly service sectors are heavily dependent on digital media.

**RESEARCH METHODOLOGY:**

This is a descriptive study. All the data are published data and collected from secondary sources. Methods used are averaging and percentage.

**DISCUSSION:**

**Market Size**

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 per cent during FY06-FY19 to reach 636.73 million in FY19.


India is also the world’s second largest telecommunications market. It’s total telephone subscriber base and tele-density reached 1,177.02 million and 87.45 per cent, respectively, as of January 2020.

**Citations:**

Gross revenue of the telecom sector stood at Rs 121,527 crore (US$ 17.39 billion) in FY20 (April-September 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.

**Investment/Major Development**

With daily increasing subscriber base, there have been a lot of investment and development in the sector. FDI inflow into the telecom sector during April 2000 – March 2020 totalled US$ 37.27 billion according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the developments in the recent past are:

- India had over 500 million active internet users (accessed Internet in the last one month) as of May 2020.
- In June 2020, Jio Platforms Ltd. sold 22.38 per cent stake worth Rs 1.04 trillion (US$ 14.75 billion) to ten global investors in a span of eight weeks under separate deals, involving Facebook, Silver Lake, Vista, General Atlantic, Mubadala, Abu Dhabi Investment Authority (ADIA), TPG Capital and L. Catterton. This is the largest continuous fundraising by any company in the world.
- In April 2020, Vodafone Group Plc infused Rs 1,530 crore (US$ 217.05 million) in Vodafone Idea as accelerated payment to help the company manage its operations.
- As of January 2020, more than 542 banks were permitted to provide mobile banking services in India.
- In December 2019, Airtel disclosed its plans to invest USS 2.86 billion in its business as part of company’s annual target.
- As per a report by Ericsson, India has the world’s highest data usage per smartphone at an average of 9.8 GB per month.
- As of August 2019, Jio’s IoT platform was ready to be commercially available from January 2020.
- In August 2019, Reliance commercially launched Jio GigaFiber as a wired broadband service.
- During Q12018, India became the world’s fastest-growing market for mobile applications. The country remained as the world’s fastest growing market for Google Play downloads in Q2 and Q3 of 2018.
- Bharti Airtel had plans to launch 6,000 new sites and 2,000 kms of optical fiber in Gujarat in 2018-19.
- Vodafone India and Idea Cellular merged into ‘Vodafone Idea’ to become India’s largest telecom company in September 2018.

**Government Initiatives**

The Government has fast-tracked reforms in the telecom sector and continues to be proactive in providing room for growth for telecom companies. Some of the key initiatives taken by the Government are as follows:

- In January 2020, Government of India allowed 100 per cent FDI in Bharti Airtel.
- The Government of India planned to roll out a new National Telecom Policy 2018 in lieu of rapid technological advancement in the sector over the past few years. The policy intended to attract investments worth US$ 100 billion in the sector by 2022.
- The Department of Information Technology intends to set up over 1 million internet-enabled common service centres across India as per the National e-Governance Plan.
- FDI cap in the telecom sector has been increased to 100 per cent from 74 per cent; out of 100 per cent, 49 per cent will be done through the automatic route and the rest will be done through the FIPB approval route.
- FDI of up to 100 per cent is permitted for infrastructure providers offering dark fibre, electronic mail and voice mail.
- The Government of India has introduced Digital India programme under which all the sectors such as healthcare, retail, etc. will be connected through internet.

**CONCLUSION:**

Revenue from the telecom equipment sector is expected to grow to US$ 26.38 billion by 2020. The number of internet subscribers in the country is expected to double by 2021 to 829 million and overall IP traffic is expected to grow four-fold at a CAGR of 30 per cent by 2021. The Indian Government is planning to develop 100 smart city projects, and IoT will play a vital role in developing these cities. The National Digital Communications Policy 2018 envisaged attracting investment worth US$ 100 billion in the telecommunications sector by 2022. App downloads in India is expected to increase to 18.11 billion in 2018F and 37.21 billion in 2022F.

**Note:** Conversion rate used in April 2020, Rs 1 = US$ 0.013123

**REFERENCES:**

1. Media Reports and Press Releases, Cellular Operators Authority of India (COAI), Telecom Regulatory Authority of India (TRAI), Department of Telecommunication (DoT), Department for Promotion of Industry and Internal Trade (DPIIT), India Services Sector Report by Deloitte.