

A
PROJECT REPORT
ON

“Financial overview of telecom sector in India with reference to Bharti Airtel”

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Rashtrasant Tukdoji Maharaj Nagpur University,

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Submitted by

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NAAC Re-Accredited “A” Grade Autonomous Institution



G S COLLEGE OF COMMERCE AND ECONOMICS,
NAGPUR.



ACADEMIC YEAR 2021-22

CERTIFICATE

This is to certify that Mr. Amit L Bhagat as submitted the project report titled study on Financial Overview of telecom industry with reference to Bharti Airtel towards partial fulfillment of Bachelor of Business administration Degree examination. These has not been submitted for any other examination and does not formed part of any other course undergone as prescribed by Rashtrasant Tukdoji Maharaj Nagpur University. It is further certified that he has ingeniously completed his project.

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DECLARATION

I hereby inform that the project with the title “financial overview of telecom sector in India with reference to Bharti airtel”, has been completed by me in partial fulfillment of bachelor of business administration degree examination as prescribed by Rashtasant Tukdoji Maharaj Nagpur university, Nagpur and this has not been submitted for any other examination and doesn't form the part of any other examination and does not form the part of any other course undertaken by me.

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I would like to thank all those who helped me in making this project complete and successful.

Place: Nagpur

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TELECOMMUNICATION

INTRODUCTION

The word telecommunication was adopted from the French word telecommunication. It is compound of the Greek prefix tele -meaning 'far off, and the Latin communicate, meaning 'to share'. The French word telecommunication was coined in 1904 by French engineer and novelist Edouard estaunic. Telecommunication is the transmission, between or among points specified by the user, of information of the users choosing, without change in the form or content of the information as sent and received.

Substantial economic growth and mounting population enable the rapid growth of this industry. The world telecommunication market is expected to rise at an 11percent compound annual growth rate at the end of the year 2010. The leading telecom companies like AT and KT, Vodafone, Verizon communication, bell south, and quest communication are trying to take advantage of this growth. These companies are working on telecommunication fields like broadband technologies, EDGE enhanced data rates for global evaluation0 technologies, LAN-VAN internetworking, optimal networking, voice over internet protocol, wireless data service etc.

Economical aspects of telecommunication industry: world telecom industry is taking a crucial part of world economy. The total revenue earned from this industry is 3% of the gross world products and is aiming at attaining more revenues. One statistical report reveals that approximately 16.9% of the world population has access to the internet.

Present market scenario of world telecom industry: over the last couple of years, world telecommunication industry has been consolidating by allowing private organizations the opportunities to run their business with this industry. The government monopolies are now being privatized and subsequently competition is developing

INDIAN TELECOM INDUSTRY

Indian telecom industry is one of the fastest growing telecom markets in the world the Indian telecommunication industry, with 117.58 crore telephone (landline and mobile) subscribers and 1.15 billion mobile phone connections. In telecom industry, service providers are the main drivers; whereas equipment manufacturers are witnessing growth and decline in successive quarters as sales are dependent on orders undertaken by the companies.

Indian telecommunication services; the Indian telecommunication services, widely known as ITS, is an organized civil service of government of India. The service was created to meet the technical and managerial functions of the government in areas related to telecommunication the department of telecommunication (DOT) had been run for years by this permanent cadre of technical civil servants called the Indian telecom services.

Telecommunication sector in India can be divided into two segments namely fixed service providers (FSPs) fixed line services consists of basic services, national or domestic long distance and international long-distance services. The state operators BSNL and MTNL account for almost 90 percent of revenues from basic services.

Cellular services can be further divided into two categories: global system for mobile communication (GSM) and code division multiple access (CDMA). The GSM sector is dominated by airtel, VI, Jio, while the CDMA sector is dominated by reliance and tata Indicom.

HISTORY OF TELECOMMUNICATION INDUSTRY IN INDIA

Telecommunication in India began with the introduction of the telegraph. The Indian postal and telecom sectors are one of the world's oldest. In 1850, the first experimental electric telegraph line was started between Calcutta and diamond harbour. In 1851, it was opened for the use of the British East India Company. The posts and telegraph departments occupied a small corner of the public works department, at that time.

The construction of 40,000 miles of telegram was started in November 1853. These connected Kolkata (then Calcutta) and Peshawar in the north; Agra, Mumbai (then Bombay) through Sindwa Ghats, and Chennai (then Madras) in the south; Ootacamund and Bangalore. In the 1980s, two telephone companies namely Oriental Telephone Company Ltd. and the Anglo-Indian Telephone Company Limited approached the government of India to establish telephone exchange in India. The permission was refused on the grounds that the establishment of telephones was government monopoly and that the government itself would undertake the work. In 1981, the government later reversed its earlier decisions and a license was granted to the Oriental Telephone Company Limited of England for opening telephone exchange at Calcutta, Bombay,

madrass and Ahmedabad and the first formal telephone services was established in the country. On 28 January 1882, Major E. Baring, member of the Governor General of India Council declared open the telephone exchange in Calcutta, Bombay and Madras. The exchange in Calcutta named the central exchange had total of 93 subscribers in its early stage. Later that year, Bombay also witnessed the opening of telephone exchange.

Pre-liberalization statistics: While all the major cities and towns in the country were linked with telephones during British period, the total no. of telephones in 1948 numbered only around 80,000. Post-independence, growth remained slow because the telephone was seen more as a status symbol rather than being an instrument of utility.

Liberalization and privatization

Liberalization of Indian telecommunication industry started in 1981 when Prime Minister Indira Gandhi signed contracts with Alcatel CIT of France to merge with the state-owned telecom company IT, in an effort to set up 50,00,000 lines per year. But soon the policy was let down because of political opposition. Attempts to liberalize the telecommunication industry were continued by the following government under the Prime Minister-ship of Rajiv Gandhi. He invited Sam Pitroda, a US-based NRI and former Rockwell International executive to set up a centre for development of telematics (C-DOTS) which manufactured electronic telephone exchange in India for the first time. Sam Pitroda had a significant role as a consultant and adviser in the development of telecommunications in India.

In 1985 the Department of Telecom (DOT) was separated from India Post and Telecommunication Department. DOT was responsible for telecom services in entire country until 1986 when Mahanagar Telephone Nagar Limited (VSNL) were carved out of DOT to run the telecom services in metro cities (Delhi and Mumbai) and international long-distance operations respectively.

The demand for telephones was ever increasing and in the 1990s Indian government was under increasing pressure to open up the telecom sector for private investment as a part of liberalization-privatization-globalization policies that the government had to accept to overcome the severe fiscal crisis and resultant balance of payments issue in 1991. Consequently, privatization-Globalization policies that the government had to accept to overcome the severe fiscal crisis and resultant balance of payments issue in 1991, consequently, private investment in the sector of Value-Added Service (VAS) was allowed and cellular telecom sector were opened up for competition from private investments. It was during this period that the Narsimha Rao-led government introduced the National Telecommunication Policy (NTP) in 1994 which brought changes in the following areas: Ownership, service and regulation of telecommunication for all and its vision was to expand the telecom sector was also envisaged in this policy. They were also successful in establishing joint ventures between state-owned telecom companies and international players. Foreign firms were eligible to 49% of the total stake. The multi-nationals were just involved in technology transfer, not policy making.

Currently, India is the world's second-largest telecommunications market with a subscriber base of 1.16 billion and has registered strong growth in the last decade. The Indian mobile economy is growing rapidly and will contribute substantially to India's Gross Domestic Product (GDP) according to a report prepared by GSM Association (GSMA) in collaboration with Boston Consulting Group (BCG). In 2019, India surpassed the US to become the second largest market in terms of number of app downloads.

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 has made the sector one of the fastest growing and the top five employment opportunity generator in the country.

Market Size

India is the world's second-largest telecommunications market.

The total subscriber base stood at 1189.15 million in September 2021. Tele-density of rural subscribers reached 59.33% in September 2021, from the 58.96% recorded in September 2020. This increase indicates a potential demand growth from the rural sector.

The total wireless or mobile telephone subscriber base reached 1166.02 million in September 2021, from 1,148.58 million in September 2020. The total number of internet subscribers reached 794.88 million in September 2021. Of this subscriber base, the number of wired internet subscribers was 24.29 million and wireless internet subscribers was 787.94 million.

Gross revenue of the telecom sector stood at Rs. 64,801 crores (US\$ 8.74 billion) in the first quarter of FY22.

The total wireless data usage in India grew 16.54% quarterly to reach 32,397 PB in the first quarter of FY22. The contribution of 3G and 4G data usage to the total volume of wireless data usage was 1.78% and 97.74%, respectively, in the third quarter of FY21. Share of 2G data usage stood at 0.48% in the same quarter.

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.

By 2025, India will need ~22 million skilled workers in 5G-centric technologies such as Internet of Things (IoT), Artificial Intelligence (AI), robotics and cloud computing.

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 2021 totalled US\$ 37.97 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:

In October 2021, Vodafone Idea stated that it is in advanced talks to sell a minority stake to global private equity investors including Apollo Global Management and Carlyle to raise up to Rs. 7,540 crores (US\$ 1 billion) over the next 2-3 months.

In October 2021, British satellite operator Inmarsat Holdings Ltd. announced that it is the first foreign operator to get India's approval to sell high-speed broadband to planes and shipping vessels. Inmarsat will access the market via Bharat Sanchar Nigam Ltd. (BSNL) after BSNL received a license from the Department of Telecommunications.

In October 2021, Dixon Technologies announced plans to invest Rs. 200 crores (US\$ 26.69 million) under the telecom PLI scheme; this investment will include the acquisition cost of Bharti Group's manufacturing unit.

In September 2021, Bharti Airtel announced an investment of Rs. 50 billion (US\$ 673 million) in expanding its data centre business to meet the customer demand in and around India.

In August 2021, Tata Group company Nelco announced that the company is in talks with Canadian firm Telesat to sign a commercial pact for launching fast satellite broadband services in India under the latter's Lightspeed brand, a move which will pit the combined entity against Bharti Enterprises-backed OneWeb, Elon Musk's SpaceX and Amazon.

In March 2021, Vodafone Idea Ltd. (VIL) announced that the acquired spectrum in five circles would help improve 4G coverage and bandwidth, allowing it to offer 'superior digital experience' to customers.

In March 2021, Advanced Television Systems Committee (ATSC) and Telecommunications Standards Development Society, India (TSDSI) signed a deal to boost adoption of ATSC standards in India in order to make broadcast services available on mobile devices. This allows the TSDSI to follow ATSC standards, fostering global digital broadcasting standard harmonization.

In the first quarter of FY21, customer spending on telecom services increased 16.6% y-o-y, with over three-fourths spent on data services. This spike in consumer spending came despite of the COVID-19 disruption and lack of access of offline recharges for a few weeks

India had over 500 million active internet users (accessed Internet in the last one month) as of May 2020.

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:

To drive the development of 6G technology, the Department of Telecommunications (DoT) has developed a sixth generation (6G) innovation group.

In October 2021, Telecom Secretary Mr. K. Rajaraman inaugurated the Quantum Communication Lab at the Centre for Development of Telematics (C-DOT), Delhi, and unveiled the indigenously developed Quantum Key Distribution (QKD) solution by C-DOT. QKD can support a distance of >100 kms on standard optical fibre.

In August 2021, the Department of Telecommunications (DoT) initiated discussions with banks to address financial stress in the telecom sector, particularly Vodafone Idea Ltd. (VIL) that urgently requires fund infusion to stay afloat.

In August 2021, the Department of Telecommunications (DoT) officials stated that it is working on a package, which includes reducing the revenue share license fee to 6% of adjusted gross revenue (AGR) of the operators from the current 8%. This would be done by reducing the 5% universal service obligation levy by two percentage points and providing relief of about Rs. 3,000 crore (US\$ 403.63 million) annually to the operators.

In July 2021, Bharat Broadband Network Limited (BBNL), on behalf of the Department of Telecommunication, invited global tender for the development of Bharat Net through the

Public-private Partnership model in 9 separate packages across 16 states for a concession period of 30 years. Under this project, the government will provide a maximum grant of Rs. 19,041 crores (US\$ 2.56 billion) as viability gap funding.

The Rs. 12,195 crore (US\$ 1.65 billion) production-linked incentive (PLI) scheme for telecom is expected to bring in investment of around Rs. 3,000 crore (US\$ 400.08 million) and generate huge direct and indirect employment.

In April 2021, the government pointed out that firms such as Ericsson and Nokia are now eager to expand their operations in India, and global companies like Samsung, Cisco, Ciena and Foxconn have expressed interest to set up their manufacturing base in the country for telecom and networking products.

In March 2021, TEPC (Telecom Equipment Export Promotion Council) organised India Telecom 2021—a platform for convergence of technologies and business exchange.

The Union Cabinet approved Rs. 12,195 crore (US\$ 1.65 billion) production-linked incentive (PLI) scheme for telecom & networking products under the Department of Telecom.

In 2021-22, the Department of Telecommunications has been allocated Rs. 58,737.00 crore (US\$ 8 billion). 56% allocation is towards revenue expenditure and the remaining 44% is towards capital expenditure.

Under Union Budget 2021-22, the government allocated Rs. 14,200 crores (US\$ 1.9 billion) for telecom infrastructure that entails completion of optical fibre cable-based network for Defence services, rolling out broadband in 2.2 lakh panchayats and improving mobile services in the North East.

On January 15, 2021, India and Japan signed an MoU to enhance cooperation in the field of Information and Communications Technologies. The MoU was signed between the Union Minister for Communications, Electronics and IT, Ravi Shankar Prasad, and the Japanese Minister for Internal Affairs and Communications, Takeda Ryota.

On January 6, 2021, the Department of Telecommunications (DoT) issued Notice Inviting Applications (NIA) for auction of Spectrum in 700 MHz, 800 MHz, 900 MHz, 1,800 MHz, 2,100 MHz, 2,300 MHz and 2,500 MHz bands. Last date for submission of applications for participation in the auction is February 5, 2021, and auction to commence online from March 1, 2021.

In December 2020, the Union Cabinet, chaired by the Prime Minister, Mr. Narendra Modi, approved a proposal by Department of Telecommunications for setting up of Public Wi-Fi Networks by Public Data Office Aggregators (PDOAs) to provide public Wi-Fi services through Public Data Offices (PDOs).

In December 2020, the Union Cabinet, chaired by the Prime Minister, Mr. Narendra Modi, approved the provision of submarine optical fibre cable connectivity between Mainland (Kochi) and Lakshadweep Islands (KLI Project).

On November 4, 2020, The Union Cabinet, chaired by the Prime Minister, Mr. Narendra Modi, approved to sign a Memorandum of Understanding (MoU) between the Ministry of Communication and Information Technology and the Department of Digital, Culture, Media and Sports (DCMS) of United Kingdom Government on cooperation in the field of telecommunications/information and communication technologies (ICTs).

On September 21, 2020, Prime Minister, Mr. Narendra Modi launched a project to connect all 45,945 villages in Bihar with optical fiber internet service. This project will be completed by March 31, 2021 at a cost of Rs. ~1,000 crore (US\$ 135.97 million); Rs. 640 crores (US\$ 87.01 million) of capital expenditure will be funded by Department of Telecommunications.

In March 2020, the government approved the Production Incentive Scheme (PLI) for Large-scale Electronics Manufacturing. The scheme proposes production-linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components including Assembly, Testing, Marking and Packaging (ATMP) units.

FDI cap in the telecom sector has been increased to 100% from 74%; out of 100%. In October 2021, the government notified 100% foreign direct investment (FDI) via the automatic route from previous 49% in the telecommunications sector. FDI of up to 100% is permitted for infrastructure providers offering dark fibre, electronic mail and voice mail.

Achievements

Following are the achievements of the Government in the past four years:

Department of Telecommunication launched 'Tarang Sanchar' - a web portal sharing information on mobile towers and EMF Emission Compliances.

Payments on unified payments interface (UPI) hit an all-time high of 3.65 billion (by volume), with transactions worth ~Rs. 6.54 trillion (US\$ 87.11 billion) in September 2021.

Over 75% increase in internet coverage from 251 million users to 446 million.

Road Ahead

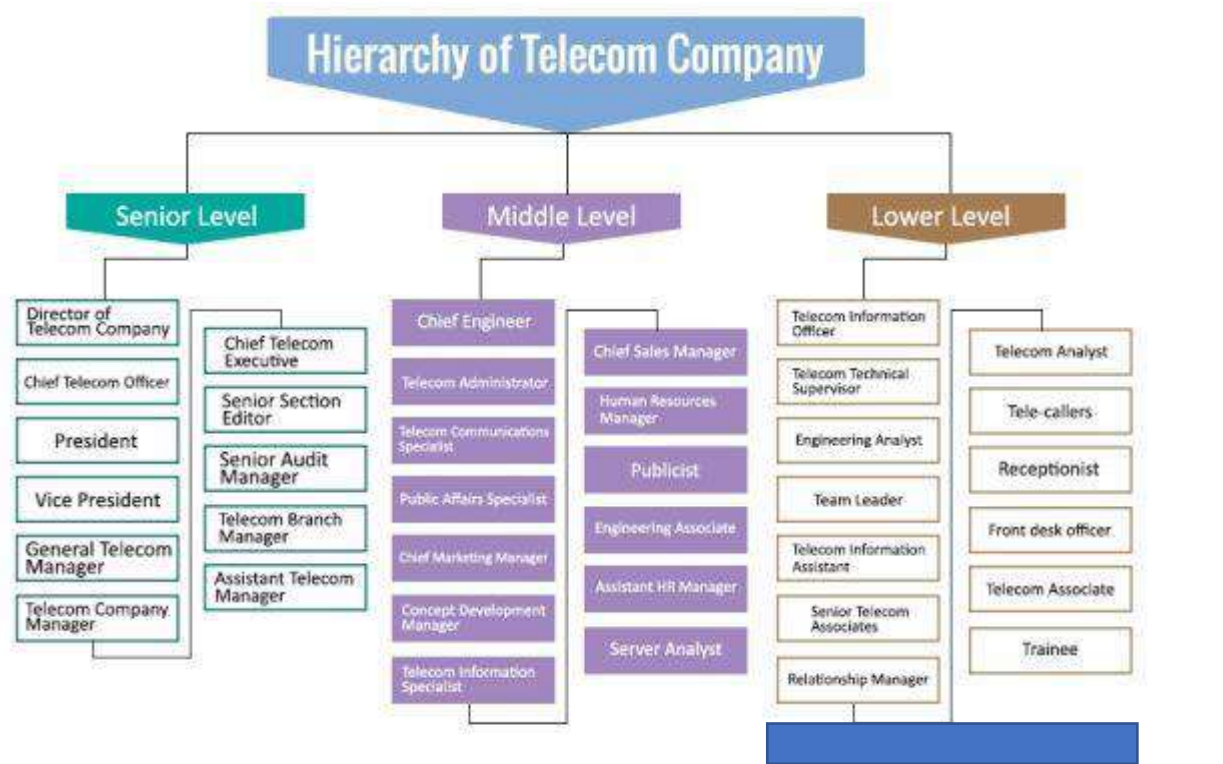
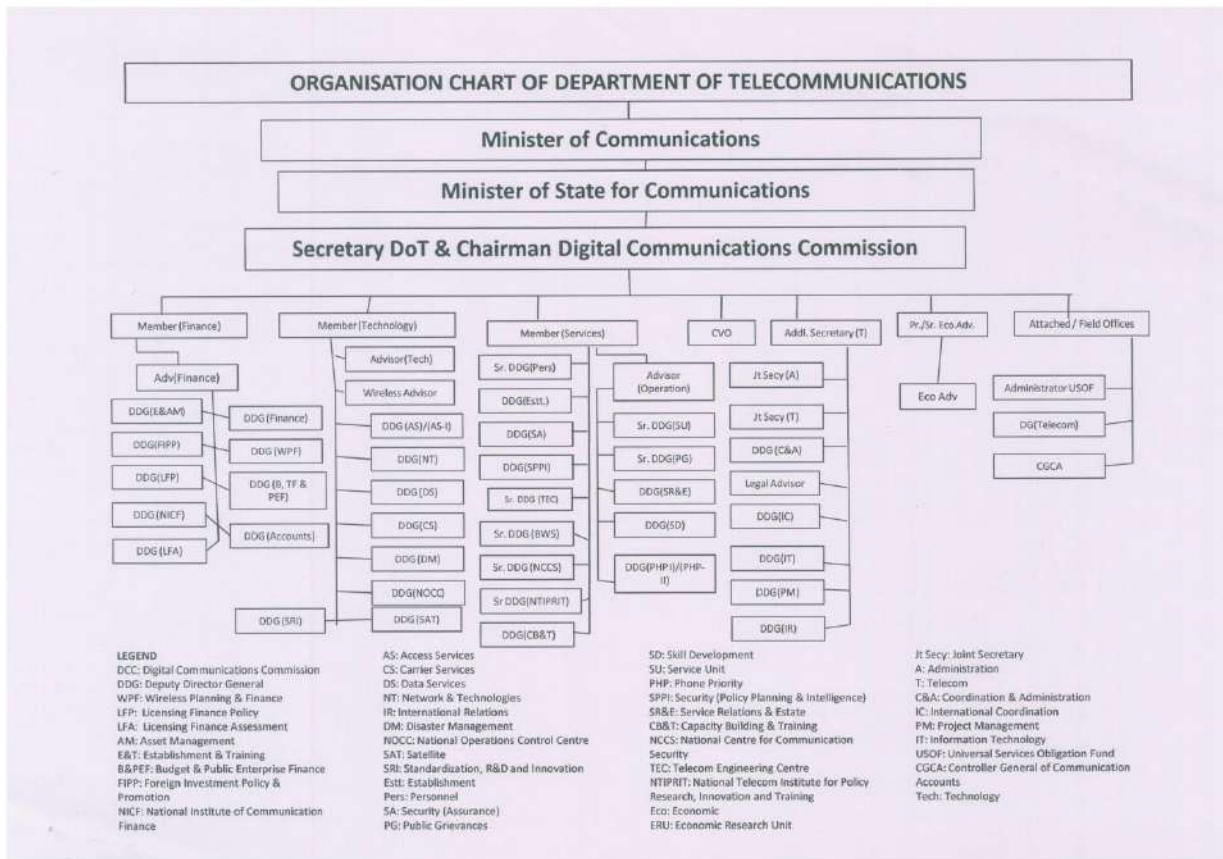
Revenue from the telecom equipment sector is expected to grow to US\$ 26.38 billion by 2020. The number of internet subscribers in the country is expected to double by 2021 to 829 million and overall IP traffic is expected to grow four-fold at a CAGR of 30% by 2021.

According to a Zenith Media survey, India is expected to become the fastest-growing telecom advertisement market, with an annual growth rate of 11% between 2020 and 2023.

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.

Indian government acts for regulation of telecom industry

India The telecoms industry is regulated by the following central legislations: **the Indian Telegraph Act, 1885** (Telegraph Act); the Wireless Telegraphy Act, 1933 (WT Act); the Telecom Regulatory Authority of India Act, 1997 (TRAI Act); and the Information Technology Act, 2000 (IT Act). and government acts for regulation of telecom industry.



COMPETITIVE SCENARIO

- A. Market Structure and Price-based Competition 8. India's telecom sector is not only one of the largest but also among the fastest growing networks in the world. The increase in subscriptions has been nothing short of dramatic, on occasions touching 20 million in a month. In the first decade of the 21st century, subscribers grew at 33 per cent annually. Technological progress and an enabling policy regime combined to transform the market, expand the network and produce a staggering growth. In 1999, when the New Telecom Policy was announced, there were thirteen 2G technology-based private mobile service providers. By 2019, exits and consolidation had reduced the number of operators to eight. Today, telecom networks are the backbone of India's digital economy with 4G technology firmly in situ in all private networks. The country-wide lockdown due to COVID-19 unambiguously established the centrality of communications in maintaining economic activity and elevated its growth impacts. The sector's contribution to India's GDP is estimated to have increased by 5 to 6 times² during this time.

Bharti **Airtel** added 2.74 lakh mobile subscribers in September even as larger rival Reliance Jio lost 1.9 crore users and **Vodafone Idea** lost 10.77 lakh subscribers during the month, according to data released by telecom regulator TRAI on Monday.

The subscriber base of **Airtel** stood at 35.44 crore in September as against 35.41 crore users in August. The net additions for the telco came in at 2.74 lakh users, the monthly subscriber data compiled by the Telecom Regulatory Authority of India (TRAI) showed.

India's largest telecom operator **Reliance Jio** had 42.48 crore mobile subscribers as on September as it lost net 1.90 crore users.

Troubled **Vodafone Idea** lost 10.77 lakh subscribers during the month under review and its subscriber base shrank to 26.99 crore as on September 2021.

It may be recalled that **Reliance Jio** had disclosed and talked at length about the loss of subscribers while announcing its September quarter results.

During Q2 FY22, Reliance Jio Infocomm President Kiran Thomas said COVID has been quite tough on a lot of people in India, especially at the bottom of the pyramid.

"During the peak of the second wave, we had done a lot of initiatives... giving free voice minutes to keep them on our network... to keep lifeline alive. But, two quarters later, we find that a large number of people at the bottom of the pyramid have not been able to stay up-to-date with recharges," Thomas had said.

According to the policy, the company kept them in the database for about 90 days.

"So, effectively, the effect of these people stopping recharging two quarters before is now getting reflected in our subscriber count, and because of that, you see a net reduction of about 11 million in this quarter," Thomas had said.

The muted numbers for the two private telcos also echoed on the overall headline wireless tally reported by TRAI for September.

"The total wireless subscribers decreased from 1,186.72 million at the end of August-21 to 1,166.02 million at the end of September-21, thereby registering a monthly decline rate of 1.74 per cent," it noted.

As on September 30, 2021, the private access service providers held 89.99 per cent market share of the wireless subscribers whereas BSNL and MTNL, the two PSU access service providers, had a market share of only 10.01 per cent.

The wireless tele-density in India decreased from 86.78 per cent at the end of August 2021 to 85.20 per cent at the end of September 2021.

Wireless subscription in urban areas decreased to 637.89 million (or 63.78 crore) at the end of September 2021 and that in rural areas fell to 528.13 million (52.81 crore) during the same period.

"As on 30 September, 2021, the top five Wireless Broadband Service providers were Reliance Jio Infocomm Ltd (424.84 million), **Bharti airtel** (203.45 million), **Vodafone Idea** (122.36 million), BSNL (19.10 million) and Tikona Infinet Ltd. (0.30 million)," TRAI said.

❖ In the month of November, 2021, 7.33 million subscribers submitted their requests for Mobile Number Portability (MNP). With this, the cumulative MNP requests increased from 645.54 million at the end of October-21 to 652.88 million at the end of November-21, since implementation of MNP.

❖ Number of active wireless subscribers (on the date of peak VLR#) in November, 2021 was 996.38 million.

Total Telephone Subscribers

- The number of telephone subscribers in India increased from 1,189.62 million at the end of October-21 to 1,191.05 million at the end of November-21, thereby showing a monthly growth rate of 0.12%. Urban telephone subscription increased from 658.83 million at the end of October-21 to 660.08 million at the end of November-21 and the rural subscription also increased from 530.79 million to 530.96 million during the same period. The monthly growth rates of urban and rural telephone subscription were 0.19% and 0.03% respectively during the month of November-21mm.

- The overall Tele-density in India increased from 86.86% at the end of October-21 to 86.90% at the end of November-21. The Urban Tele-density increased from 138.45% at the end of October-21 to 138.50% at the end of November-21, however Rural Teledensity remained same i.e., 59.39% as it was at the end of October-21. The share of urban and rural subscribers in total number of telephone subscribers at the end of November-21 was 55.42% and 44.58% respectively.
- The overall Tele-density in India increased from 86.86% at the end of October-21 to 86.90% at the end of November-21. The Urban Tele-density increased from 138.45% at the end of October-21 to 138.50% at the end of November-21, however Rural Teledensity remained same i.e., 59.39% as it was at the end of October-21. The share of urban and rural subscribers in total number of telephone subscribers at the end of November-21 was 55.42% and 44.58% respectively.



Profile of selected telecom companies in India

➔ **Bharti Airtel Limited**, also known as **Airtel**, is an Indian multinational telecommunications services company based in New Delhi, India. It operates in 18 countries across South Asia and Africa, as well as the Channel Islands. Airtel provides 2G, 4G LTE, 4G+ mobile services, fixed line broadband and voice services depending upon the country of operation. Airtel had also rolled out its VoLTE technology across all Indian telecom circles. It is the second largest mobile network operator in India and the third largest mobile network operator in the world. Airtel was named India's 2nd most valuable brand in the first ever Brands ranking by Millward Brown and WPP plc.

Airtel is credited with pioneering the business strategy of outsourcing all of its business operations except marketing, sales and finance and building the 'minutes factory' model of low cost and high volumes. The strategy has since been adopted by several operators. Airtel's equipment is provided and maintained by Ericsson, Huawei, and Nokia Networks whereas IT support is provided by Amdocs. The transmission towers are maintained by subsidiaries and

joint venture companies of Bharti including Bharti Infratel and Indus Towers in India. Ericsson agreed for the first time to be paid by the minute for installation and maintenance of their equipment rather than being paid up front, which allowed Airtel to provide low call rates of ₹1 (1.3¢ US)/minute.

In 1984, Sunil Mittal started assembling push-button phones in India, which he earlier used to import from a Taiwan company, Kingtel, replacing the old fashioned, bulky rotary phones that were in use in the country then. Bharti Telecom Limited (BTL) was incorporated and entered into a technical tie up with Siemens AG of Germany for manufacture of electronic push-button phones. By the early 1990s, Bharti was making fax machines, cordless phones and other telecom gear. He named his first push-button phones as 'Mitbrau'.

In 1992, he successfully bid for one of the four mobile phone network licences auctioned in India. One of the conditions for the Delhi cellular license was that the bidder have some experience as a telecom operator. So, Mittal clinched a deal with the French telecom group Vivendi. He was one of the first Indian entrepreneurs to identify the mobile telecom business as a major growth area. His plans were finally approved by the Government in 1994 and he launched services in Delhi in 1995, when Bharti Cellular Limited (BCL) was formed to offer cellular services under the brand name AirTel. Within a few years, Bharti became the first telecom company to cross the 2 million mobile subscriber mark. Bharti also brought down the STD/ISD cellular rates in India under the brand name 'Indiaone'.^[12]

In 1999, Bharti Enterprises acquired control of JT Holdings, and extended cellular operations to Karnataka and Andhra Pradesh. In 2000, Bharti acquired control of Skycell Communications, in Chennai. In 2001, the company acquired control of Spice Cell in Calcutta. Bharti Enterprises went public in 2002, and the company was listed on Bombay Stock Exchange and National Stock Exchange of India. In 2003, the cellular phone operations were re-branded under the single Airtel brand. In 2004, Bharti acquired control of Hexacom and entered Rajasthan. In 2005, Bharti extended its network to Andaman and Nicobar. This expansion allowed it to offer voice services all across India.

Airtel launched "Hello Tunes", a caller ring back tone service (CRBT), in July 2004 becoming the first operator in India to do so. The Airtel theme song, composed by A.R. Rahman, was the most popular tune in that year.

In May 2008, it emerged that Airtel was exploring the possibility of buying the MTN Group, a South Africa-based telecommunications company with coverage in 21 countries in Africa and the Middle East. *The Financial Times* reported that Bharti was considering offering US\$45 billion for a 100% stake in MTN, which would be the largest overseas acquisition ever by an Indian firm. However, both sides emphasize the tentative nature of the talks, while *The Economist* magazine noted, "If anything, Bharti would be marrying up," as MTN has more subscribers, higher revenues and broader geographic coverage. However, the talks fell apart as MTN Group tried to reverse the negotiations by making Bharti almost a subsidiary of the new company. In May 2009, Bharti Airtel again confirmed that it was in talks with MTN and the companies agreed to discuss the potential transaction exclusively by 31 July 2009. Talks eventually ended without agreement, some sources stating that this was due to opposition from the South African government.



Logo used by Airtel from 1994 to 2002



Logo used by Airtel until November 2010

In 2009, Bharti negotiated for its strategic partner Alcatel-Lucent to manage the network infrastructure for the fixed line business. Later, Bharti Airtel awarded the three-year contract to Alcatel-Lucent for setting up an Internet Protocol access network across the country. This would help consumers access internet at faster speed and high-quality internet browsing on mobile handsets.

In 2009, Airtel launched its first international mobile network in Sri Lanka. In June 2010, Bharti acquired the African business of Zain Telecom for \$10.7 billion making it the largest ever acquisition by an Indian telecom firm. In 2012, Bharti tied up with Wal-Mart, the US retail giant, to start a number of retail stores across India. In 2014, Bharti planned to acquire Loop Mobile for ₹7 billion (US\$93 million), but the deal was called off later.

On 18 November 2010, Airtel rebranded itself in India in the first phase of a global rebranding strategy. The company unveiled a new logo with 'airtel' written in lower case. Designed by London-based brand agency, The Brand Union, the new logo is the letter 'a' in lowercase, with 'airtel' written in lowercase under the logo. On 23 November 2010, Airtel's Africa operations were rebranded to 'airtel'. Sri Lanka followed on 28 November 2010 and on 20 December 2010, Warid Telecom rebranded to 'airtel' in Bangladesh.



Reliance Jio Info comm Limited, doing business as **Jio**, is an Indian telecommunications company and a subsidiary of Jio Platforms, headquartered in Navi Mumbai, Maharashtra, India. It operates a national LTE network with coverage across all 22 telecom circles. Currently, JIO only offers 4G service, however it is working to offer 5G and 6G as well.

Jio soft launched on 27 December 2015 with a beta for partners and employees, and became publicly available on 5 September 2016. It is the largest mobile network operator in India and the third largest mobile network operator in the world with over 42.62 crore (426.2 million) subscribers.

In September 2019, Jio launched a fiber to the home service, offering home broadband, television, and telephone services. As of September 2020, Reliance Industries has raised ₹1.65 lakh crore (US\$22 billion) by selling nearly 33% equity stake in Jio Platforms.

The company was registered in Ambawadi, Ahmedabad, Gujarat on 15 February 2007 as Infotel Broadband Services Limited (IBSL). In June 2010, Reliance Industries (RIL) bought a 95% stake in IBSL for ₹4,800 crore (equivalent to ₹91 billion or US\$1.2 billion in 2020). Although unlisted, IBSL was the only company that won broadband spectrum in all 22 circles in India in the 4G auction that took place earlier that year. Later continuing as RIL's telecom subsidiary, Infotel Broadband Services Limited was renamed as Reliance Jio Info COMM Limited (RJIL) in January 2013.

In June 2015, Jio announced that it would start its operations throughout the country by the end of 2015. However, four months later in October, the company postponed the launch to the first quarter of the financial year 2016–2017.

Later, in July 2015, a PIL filed in the Supreme Court by an NGO called the Centre for Public Interest Litigation, through Prashant Bhushan, challenged the grant of a pan-India license to Jio by the Government of India. The PIL also alleged that the firm was being allowed to provide voice telephony along with its 4G data service, by paying an additional fee of just ₹165.8 crore (US\$22 million) which was arbitrary and unreasonable, and contributed to a loss of ₹2,284.2 crore (US\$300 million) to the exchequer. The Indian Department of Telecommunications (DoT), however, explained that the rules for 3G and BWA spectrum didn't restrict BWA winners from providing voice telephony. As a result, the PIL was revoked, and the accusations were dismissed.

The 4G services were launched internally on 27 December 2015. The company commercially launched its 4G services on 5 September 2016, offering free data and voice services till 31 December, which was later extended till 31 March 2017. Within the first month, Jio announced that it had acquired 1.6 crore (16 million) subscribers and has crossed 5 crore (50 million) subscriber mark in 83 days since its launch, subsequently crossing 100 million subscribers on 22 February 2017. By October 2017, it had about 13 crore (130 million) subscribers.

➔ Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is India's leading telecom service provider. The Company provides pan India Voice and Data services across 2G, 3G and 4G platform. With the large spectrum portfolio to support the growing demand for data and voice, the company is committed to deliver delightful customer experiences and contribute towards creating a truly 'Digital India' by enabling millions of citizens to connect and build a better tomorrow. The Company is developing infrastructure to introduce newer and smarter technologies, making both retail and enterprise customers future ready with innovative offerings, conveniently accessible through an ecosystem of digital channels as well as extensive on-ground presence. The Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

➔ **Bharat Sanchar Nigam Limited** (d/b/a **BSNL**) is a government owned telecommunications service provider headquartered in New Delhi, India. It is under the ownership of Department of Telecommunications, Ministry of Communications, Government of India. It was incorporated on 1 October 2000 by the Government of India. Its top official is designated as *Chairman and Managing Director* who is a central government civil servant of the Indian Communication Finance Service cadre or a central government engineer of the Indian Telecommunications Service cadre. It provides mobile voice and internet services through its nationwide telecommunications network across India. It is the largest government-owned-wireless telecommunications service provider in India

Bharat Sanchar Nigam Limited is India's government enterprise and its history can be traced back to the British India. The foundation of telecom network in India was laid by the British sometime during the 19th century. During the British era, the first telegraph line was established between Calcutta and Diamond Harbour in 1850. The British East India Company started using the telegraph in 1851 and till 1854 telegraph lines were laid across the country. In 1854, the telegraph service was opened to the public and the first telegram was sent

from Mumbai to Pune. In 1885, the Indian Telegraph Act was passed by the British Imperial Legislative Council. After the bifurcation of Post and Telegraph department in the 1980s, the creation of Department of Telecom eventually led to the emergence of the government owned telegraph and telephone enterprise which led to the foundation of BSNL.

After providing the telegraph services for 160 years, BSNL shut it down completely on 15 July 2013. It began delivering telegrams to the public in February 1858; this service was upgraded to a web-based messaging system in 2010 and had been offered through 182 telegraph offices across India.

COMPANY PROFILE



INTRODUCTION

Bharti Airtel Ltd (Bharti Airtel) is a provider of telecommunication services. The company's primary businesses comprise tele media services, digital TV services, mobile services, tele media services, digital TV services, Airtel business and passive infrastructure services. It offers 2G, 3G and 4G wireless services, fixed line, high speed broadband through DSL, DTH, IPTV, mobile commerce, enterprise services comprising national and international long-distance services to carriers. The company provides communication and ICT services comprising voice, data, data center and managed services, network integration, enterprise mobile applications and digital media to large enterprise, small and medium businesses and government. The company Bharti Airtel along with its subsidiaries and branch offices operates in India, Sri Lanka, Bangladesh, and Africa. Bharti Airtel is headquartered in New Delhi, India.

RANK AND RECOGNITION

1ST

Ranked mobile operator in
India

3rd

ranked mobile operator
globally

1st

ranked wireless operator in
10 African countries

IG Rating

investment grade credit rating from S and P noody's and fitch

AIRTEL AT GLANCE

4%

Of world's population connected through airtel

355.7mn

mobile subscribers in India as of 2022

471mn

customer in 18 countries

227MHz

spectrum won in India auction, valid for 20 years in the auction

airtel has a spectrum

in 2300mhz (FD LTE)

Name	Bharti Airtel Limited
Business description	Bharti airtel limited is a leading global telecommunications company with operations in 18 countries across Asia and Africa headquartered in new Delhi, India, the company ranks amongst the top 3 mobile services providers globally in terms of subscribers. In India the company's product offering includes 2g 3g and 4g wireless services, mobile commerce, fixed line services, high speed home broadband, DTH enterprise services including national and international long-distance services to carriers. In rest of the geographies, it offers 2g, 3g, 4g wireless services and mobile commerce. Bharti airtel had over 205.87 million customers across its operation at the end of June 2017.
Established	07-july-1995, as a public limited company
ISIN	INE397DD01024
Proportionate revenue	Bharti Airtel Limited reported a revenue of over one trillion Indian rupees in fiscal year 2021. Despite an increase from the previous financial year's revenue, the company reported net loss of over 251 billion rupees in that year.
Proportionate EBITDA	It further added that the consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) came at Rs 14905 crore.
Shares in issue	Bharti Airtel's rights issue: The shares were issued at a price of ₹ 535 per share, including face value of ₹ 5 per share and a premium of ₹ 530 per share
listings	Bombay stock exchange (BSE) National stock exchange (NSE)
Stock exchange symbol	NSE – BHARTIAIRTL BSE - 532454
Customer base	Airtel too regained lost ground after reporting a loss of nearly half million customers in October. In November it added 1.31 million new wireless users and its total customer base stood at 355.2 million.
Registered office	Bharti crescent 1 nelson mandela road, vasant kunj,phase 2, new Delhi -110 070

About Airtel

Bharti Airtel, commonly known as Airtel, is a telecom giant and second-largest in India in terms of the number of subscribers. Founded on 7th July 1995 by Sunil Mittal, Airtel is the first Indian telecom provider to be honored with Gold Certification by Cisco. Today airtel is not only restricted to mobile services but also includes Airtel Payments Bank, Airtel Thanks App, Wynk Music, and a wide range of other services.

By being a successful company over the years in a sector that faces numerous challenges like limited spectrum availability, tariff war the company has set a benchmark with marketing being one of the reasons for its growth. However, the rapid growth of Reliance Jio over the last 4 years is a growing concern for the company. Reliance Jio is giving a cut-throat competition while the race to roll out 5G in India gets intense between the telecom companies.

With “Hunger to win customers for life” as its mission, airtel thrives to be on the top in the leadership board.

Business Model and Marketing Strategy

Bharti Airtel is one of the three telecom giants of India, known for its distinct and engaging digital marketing strategies and campaigns. With its promotional efforts directed towards all who can buy a SIM card, they are for their young and energetic brand image.

Yet with Airtel’s amazing efforts to market itself, competitors such as Reliance Jio have wreaked havoc on the industry with their cutthroat pricing and a stronger digital marketing plan. In this research case study, we will take a deep dive into Airtel and its competitors, target audience, digital marketing and advertising strategy and much more! All the information in the case study is up to date till the year 2020.

Let us begin this case study by learning more about Airtel.

Airtel Target audience

A target audience is a specific group of customers to whom the business targets specifically & direct their marketing of products and services. It is based on demographics, age, location, gender, income level, profession, etc.

- Airtel mainly targets people in the age group of 15-25 and elderlies by using different campaigns.
- It targets the young, urban, social people and low-income mass category as well. Airtel’s spectrum is wide from elites to non-elites, it serves all with its financial and business plans.

Airtel’s Competitor Analysis

Airtel had competitors such as Vodafone, Idea, Aircel, and Telenor but with the emergence of Reliance Jio, the competition is now at a higher level. By using social media insights, they have been optimizing interactions with their users across all platforms.

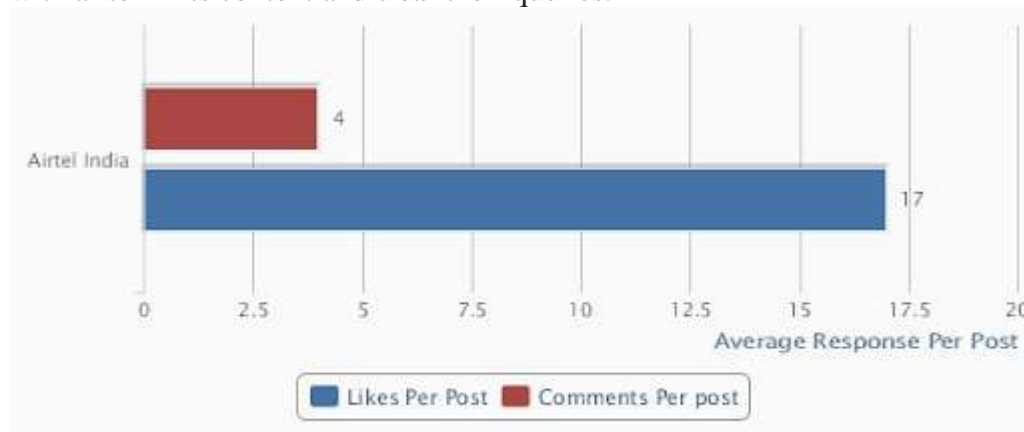
According to TNS, a consulting firm, 95% of Airtel’s customers are connected through Facebook, Twitter, and Google+.

Social Media Marketing of Airtel

As far as the social presence of Airtel & its competitors is concerned, Jio wins comprehensively in the number of followers on Instagram.

Airtel's presence on social media has improved, its Facebook followers are growing with 500 million users.

Even on Twitter with 2.5 million followers, @Airtel Presence makes sure to get all the tweets with airtel in its context and clear their queries.



Although their engagement rate is something the company has to work upon. The above graph shows their Facebook engagement.

When it comes to YouTube, Airtel is doing a decent job with more than 400 videos and almost 20 million views but loses the race with Jio in subscriber count: 887k to 2.63 million.

Now let us take a deeper dive into Airtel's own digital marketing and campaign strategy.

Airtel Campaign & Digital Marketing Strategies

Jingles like “Har Ek friend Jaruri Hota hai”, “Jo Tera hai, Wo Mera hai” for Gen Z have worked brilliantly for them while taglines like “one-touch Internet” attract Gen X and elders.

- Airtel has done several such campaigns with taglines like “Sab Kuch Karo, Fir Sahi Chuno”
- The Smartphone that works, Indian's first 4G network and #expressyourself; has proved their obsession to win customers through an exceptional experience.
- Famous personalities like Sachin Tendulkar, A R Rahman, Vidya Balan have also endorsed the brands earlier which have built a positive image among the people.
- Airtel follows a “matchbox strategy” with which it expands regularly in rural India.

The campaigns achieve their goals smartly by their dynamism, warm, friendly appeal; all the more it helps them gain the trust of their customers. With their priority service as a part of platinum care, they have also attracted hustlers who like hassle-free service.

Bharti Airtel's new campaign named “Open to Question” highlights its aim to resolve queries of every single customer, learn quickly from failures and ensure they don't get repeated. With this Airtel has secured top position on the ad diagnostics index.

Airtel has also introduced its banking in 2017 Airtel Payments Bank, India's first payments bank aims to take digital banking services to the unbanked over their mobile phones quickly and efficiently which contributes to the Government's vision of Digital India and Financial Inclusion. However, this is constrained to only airtel users.

Airtel Company Analysis

After learning so much about Airtel, it's time to analyse what we learned. The survey shows that Airtel is the brand that cellular phone users have on top-of-their-mind recall and all these campaigns help airtel hold the leadership positions in most markets.



With its logo change and mega campaign of Rs.300 crore in 2010 it has repositioned itself as a young, energetic and international brand. It has then taken on to become the torch-bearer of the telecom industry in India. Airtel added over 3.67 million mobile subscribers in October which was a lot more when compared to its competitors.

Airtel has been undertaking transformative initiatives that have the potential to make a positive impact on society and contribute to development. Airtel has always focused on its social media marketing and it is evident from its famous campaigns which got attention. The red colour indicates Airtel's strong content and quick response to the actions of its competitors on social media handles is something that makes it unique. Let's have a look at one of them –

This was in response to Jio's announcement Interconnect Usage Charges (IUC) being levied when a Jio customer makes a call to a non-Jio customer. Through its famous campaign "Sab Kuch Try Karo, Phir Sahi Chuno" it tells people to first review the performance of every telecom operator and then choose one. It never directly said to use Airtel. But it focused on gaining the trust of its people by telling them to try first, then decide. It also tried to establish a strong connection with the customers through the campaign #NetworkOfCare for Airtel Delhi Half Marathon 2019.

A recently published report by Open Signal states that Airtel topped in gaming experience which was prominently seen in the covid-19 lockdown. Airtel had a score of 55.6 of a total of 100 points. The higher the score of the company the lower the connectivity issues. The company was ahead of its rivals in video experience too.

Airtel Pain Points

As we saw before, Airtel suffers from a couple of issues from competitors to reducing market share. To encapsulate what the company suffers from, we have done a pain point analysis.

- In the year 2020, Airtel's debt increased by about 1 trillion Indian rupees when compared with 2019 which is again a threat to the company.
- With strategic investments being made by Google and Facebook in Jio and telecom is one of the focusses, there is a threat that soon there will be a monopoly of Jio in the telecom sector.
- Annual net profit declined for the last 2 years, however increasing revenue every quarter.
- Airtel needs to work on its engagement rate on Facebook and YouTube. It is falling short with its competitors.
- Although the company has worked immensely on Twitter, it has been in controversies due to several factors including political, religious, and rivalry-clash.

Awards and recognition:

Bharti Airtel won the In-House Legal Team of the Year award for IT and Telecom sector at the 6th edition of Legal Era Awards for the year 2016-2017.

- Bharti Airtel rated as India's fastest mobile network for the year 2016 by Ookla.
- Bharti Airtel won the Best Governed Company Award at the 4th Asia Business Responsibility Summit.
- Bharti Airtel bagged the Best Messaging Solution Award at the second annual Carriers World Awards, 2016.
- Bharti Airtel secured the second position in Interbrands Best Indian Brands Report 2016. According to the survey, the Company brand was valued at ` 350.44 billion.
- Bharti Airtel was positioned among top three brands in Brand Equity's Most Trusted Brands 2016.
- Bharti Airtel has secured the top position under the Telecom & Allied category in the annual Business Today-People Strong survey (2016).

ICICI Lombard & CNBC-TV18 India Risk Management awards

Telecom Review Excellence Awards, 2016

Legal Era Awards, 2016

2nd annual Carriers World Awards, 2016

- Bharti Airtel was ranked second in the third annual Brands Top 50 Most Valuable Indian Brand 2016 report.
- Bharti Airtel was honoured with Golden Peacock Award for Excellence in Corporate Governance for the year 2016.
- Bharti Airtel ranked among top 15 Companies in Business Today's BT 500 India Most Valuable Companies.
- Bharti Airtel has emerged as the only Indian brand to be featured among the top ten global brands most admired in Africa (2016-17), according to Brand Africa Brand Africa 100: Africa Best Brands.
- Bharti Airtel was positioned among the top three brands in Brand Finance's listing of India's top 100 brands 2016. According to the survey, the Company's brand was valued at USD 5768 Mn.
- Bharti Airtel was awarded in the Firm of the Year Telecom category at the third edition of ICICI Lombard & CNBC-TV18 India Risk Management awards.
- Bharti Airtel was conferred with Certificate of Recognition for Excellence in Corporate Governance 2016 by the Institute of Company Secretaries of India (ICSI).
- Bharti Airtel has won the Best Risk Management Practice Award in the Telecom Category at India Risk Management Awards instituted by CNBC TV18 and ICICI Lombard. Airtel

was recognised for its robust risk management practices and their implementation as strategic tools for a safe, secure and sustainable growth.

- Bharti Airtel won the Best African Wholesale Award at the telecom Review Excellence Awards 2016 in Dubai.

4th Asia Business Responsibility Summit, 2017

- Airtel Africa won the Most Innovative Service award at AfricaCom 2016 in Cape Town, South Africa.
- Airtel Ghana bagged the Best Corporate Social Responsibility Initiative award at the Global Carrier Awards 2016 held in Paris, France.
- Airtel Ghana bagged the Best Print Ad of the Year 2015 at the Chartered Institute of Marketing Ghana (CIMG) Awards.
- Airtel Ghana bagged the Best Print Ad of the Year 2015 at the Chartered Institute of Marketing Ghana (CIMG) Awards

1. Strengths of Airtel

The strengths of a company are the features that have worked towards attracting more users

- **Advertising:** Celebrity brand ambassadors have boosted the brand to a great extent. Airtel also has high brand visibility in forms of social media ads, television ads, and others such as banners, etc.
- **Customer Base:** Airtel is one of the most popular cellular service providers in India with more than 352 million subscribers. As of 2019, Airtel had 403 million users worldwide. Airtel also has an international submarine cable system connecting India to Singapore. Airtel also has a strong customer base in countries like Sri Lanka, Bangladesh, and Africa.
- **Extensive infrastructure:** From its partnership with Idea and Vodafone To building the Indus, Tower Airtel has extended its infrastructure all over the country which is helping it in gaining new customers
- **Other Services:** Airtel also provides users with services like Data and Application Based Services, Data Center based services, Cloud-Based Services, and Digital Media services
- **Unique marketing:** Airtel as a company invests highly in marketing strategies and tries to develop creative marketing campaigns to grab the attention of consumers. The company has several other creative marketing campaigns which have left an impression on the market. They are huge in the social media marketing space and this has won them many customers. If you wish to learn social media to stay relevant as well, head on over to IIDE's Social Media Management Course and get started.

- **Strategic Alliances:** Airtel has some great companies as stakeholders, namely Sony Ericsson, Nokia, and Singtel, and even Apple. Such strategic alliances have always proven to boost brand equity and helped in developing the company.

2. Weaknesses of Airtel

and also, high Weaknesses are aspects of a business or brand that have a scope for improvement. So, let's check some of Airtel's major weaknesses:

- **Outsourcing Operations:** Outsourcing operations has helped Airtel in reducing its prices. This causes the risk of the company having to be dependent on some other companies which may affect its operations
- **African operations:** Airtel had bought Zain's African Business back in 2013 at a huge price of approximately 9 billion dollars, but airtel is yet to announce any profits from that investment.
- **High Debt:** Airtel has been under huge debt. This is because their acquisitions have been turning out to be bad investments credit and low margins.

3. Opportunities for Airtel

Opportunities for a company are the sectors in which a company may progress considering the current market situations and weaknesses of other companies.

- **Strategic Partnership:** As far as MNP (Mobile Number Portability in India) is concerned partnering with smartphone companies is going to be the smartest strategy. This guarantees fixed cash flows in the future and would also ensure an increased customer base.
- **Market development:** Considering the brutal competition in the telecommunications industry & shrinking margins, venturing into new markets/developing economies will prove to be a success for the company.
- **Untapped scope of the current market:** Although it currently provides 4G coverage, such networks should be provided even in rural areas. Also developing more infrastructure to provide better connectivity. The company should aim towards providing these services to most of its regions, these would, as a result, help the company to achieve higher profits and an increase in customers.
- **5G:** The current advancements in technology and 5G trials could also prove an excellent success for the company. 5G and LTE services are not yet very common in the country especially in rural cities, Airtel can extend their services in this direction to get new customers.

4. Threats to Airtel

Threats to a company are the reasons that are causing or may cause a decrease in the number of customers.

- **Jio 5G:** Jio has been providing the customers with faster network services and has also developed much more in the 5G Technology. Jio's ethernet cable services labeled Jio Fibre has gained a lot of attraction due to its low pricing and the great internet speed with rare to no fluctuations in internet speeds
- **Government Regulatory Framework:** As a result of the normal auctioning of spectrum & change in government policies, there is a possible threat to the stability of this market, as companies with deeper pockets are more likely to gain from these auctions.
- **Competition:** The continuously changing prices in the Indian market and the rising margins are adversely affecting Airtel's business by a huge amount. Reliance Jio had started free data and calling a few years back which caused a huge disruption in the telecom sector, causing other companies to reduce their prices.
- **MNP (Mobile Number Portability):** MNP is a set of rules that provides the customers with an option to change the company while keeping the number, since airtel has higher pricing in comparison to some other service providers there is a huge possibility of customers changing for cheaper service alternatives.

- Bharti airtel limited stock analysis:

(Rs. Cr)	Q2 FY21	Q2 FY20	YoY %	Q1 FY21	QoQ %
Revenue	25,785	21,131	22%	23,939	7.7%
EBITDA	11,848	8,936	32.6%	10,639	11.4%
EBITDA Margin %	46%	42.3%	3.7%	44.4%	1.6%
EBIT	4,412	1,993	121.4%	3,328	32.6%
EBIT Margin %	17.1%	9.4%	7.7%	13.9%	3.2%
PBT (Excluding Exceptional Items)	567	(623)	L to P	372	52.4%
Exceptional Items	49.3	30,711		11,746	
PBT	518	(31,334)	L to P	(11,374)	L to P
Net Profit	(763)	(23,045)		(15,933)	

Relevance of study

This study is relevant to understand the state of the Indian telecom industry by analyzing the financials of telecom sector in India with reference to Bharti Airtel which is one of the top telecom players in the industry.

The study will also help us to understand the government initiative that is driving the major changes in the Indian telecom industry like increase in the FDI limit, privatization, incentivization etc.

It is relevant to understand the role of Bharti airtel in the Indian telecom industry and its contribution in the numbers of financial of telecom sector.

Need of the study

This study will help us to gain knowledge about Indian telecom sector and where it is heading, give insights of about various topic such as follows:

- Place of Indian telecom sector in the world
- What is happening in current Indian telecom industry?
- It's contribution to the development of the country.
- Recent changes in the Indian telecom sector.
- Position and contribution of Bharti airtel in the Indian telecom sector with the help of its financials.

The study provides us the opportunity to analyses the Indian telecom sector keeping focus on one of its biggest operators i.e., Bharti airtel and its future prospectus in the development of the sector.

Objectives of the study

The objectives of this study are as follows:

1. To simply learn the status of the current state of the Indian telecom sector keeping in mind the financials of it with reference to Bharti airtel.
2. To identify the present trends in the Indian Telecom Industry and its growth.
4. How Bharti airtel is channelising the growth and making its effort in Indian telecom market.
5. Studying the challenges being faced by the Indian telecom operators and their remedial solution for future growth specifically the rural sectors.
6. How Bharti airtel has and will be contributing in the Indian telecom sector with reference to its financial position.

Research methodology:

(Method data collection)

Primary data

The primary data is that data which is collected fresh and first hand and for the first time which is original in nature. Primary data for this project report collected by:

Primary sources would mainly be the semi structures interviews with some current and prospective investors.

Secondary data

The secondary data are those which are collected by web-based, publication in the newspaper, magazines and information's available on the internet. Various tools and techniques have been used to depict the data using graph and pie chart.

Sources of data

Primary data:

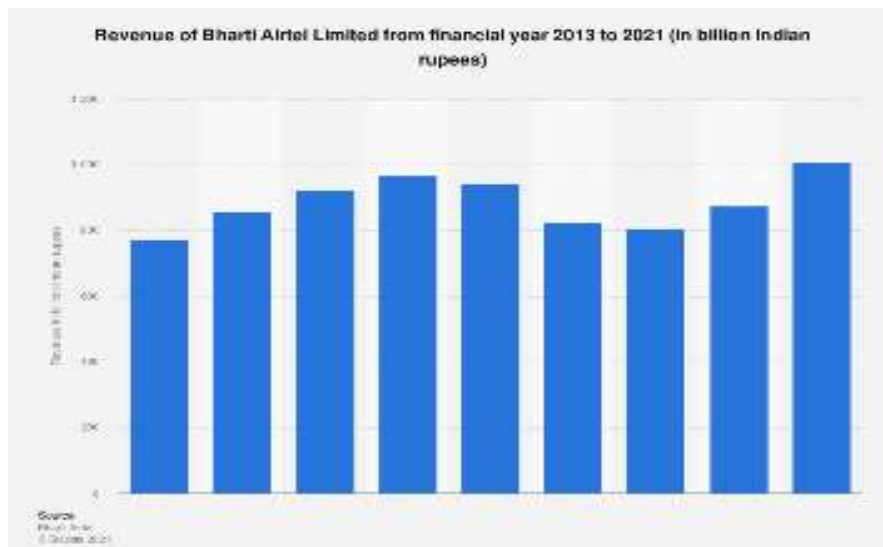
- Various media reports
- Financial YouTube channels

Secondary sources of data:

- Company reports
- Annual report of Bharti airtel 2021-2022
- Bharti airtel websites
- TRAI websites
- NITI Aayog websites
- Telecom sector in India: vision 2021 document

Data analysis and Interpretation

Revenue from operations of airtel in the year 2021 was 1.01 lakh crores



One of India's leading telecommunication network companies, Bharti Airtel Limited reported a revenue of **over one trillion Indian rupees** in fiscal year 2021. Despite an increase from the previous financial year's revenue, the company reported net loss of over 251 billion rupees in that year.

EXPENDITURE

Bharti-Airtel paid the highest amount as spectrum charges for the quarter ending December 2006, according to figures released by the Telecom Regulatory Authority of India (TRAI) on Thursday. The highest sum in license fee, however, has been paid by BSNL, followed by Bharti.

As spectrum fees, Bharti paid Rs 178.62 crore, followed by Hutchison Essar, which paid Rs 97.82 crore and BSNL, Rs 91.27 crore.

Total expenses of bharti airtel in the year 2021 was 70,156.00

Profit before finance, costs, depreciation, a mortisation, exceptional items and tax (EBITDA)

EBITDA margins across businesses remained healthy, with mobile services EBITDA improving from 39.2% in Q4'20 to 47.5% in Q4'21. Consolidated EBIT increased by 75.5% YoY to **Rs 5,048 crore**. The Consolidated Net Income before exceptional items for the quarter stands at Rs 322 crore.

Depreciation and amortization of Bharti airtel limited in the year 2012 was 59,160

Million INR and it has been increased year by year. It has reached to 94,431 million INR in the year 2016.

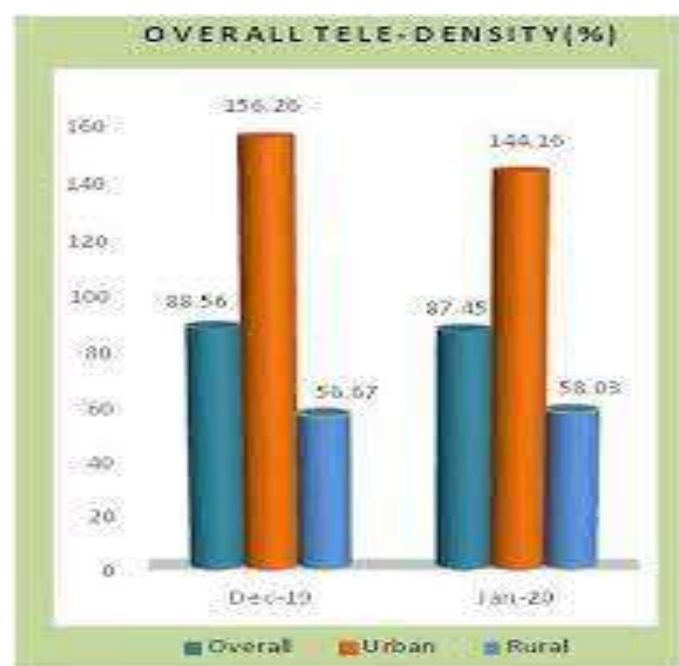
Telecom operator Bharti Airtel on Tuesday reported a 2.8 per cent decline in its consolidated net profit to Rs 830 crore for the third quarter ended December 2021.

The company had recorded a net profit of Rs 854 crore in the same period a year ago.

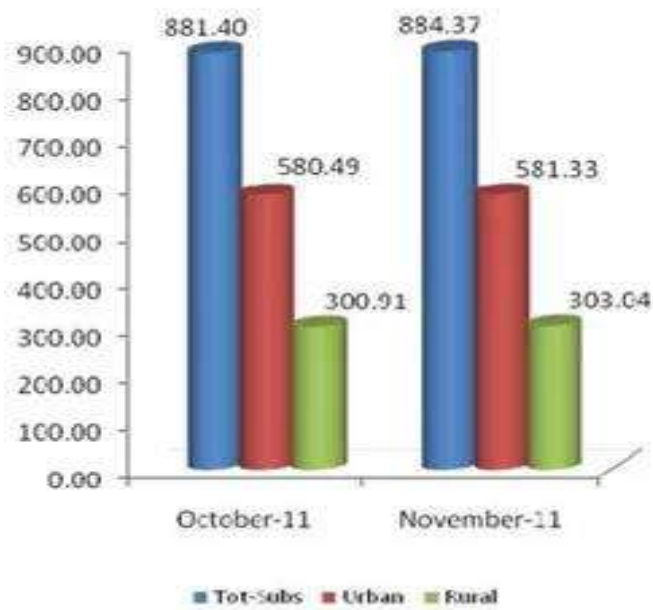
BHARTI AIRTEL Balance Sheet Analysis

Current assets fell 29% and stood at Rs 548 billion, while fixed assets rose 5% and stood at Rs 2,712 billion in FY21. Overall, the total assets and liabilities for FY21 stood at Rs 3,259 billion as against Rs 3,338 billion during FY20, thereby witnessing a fall of 2%.

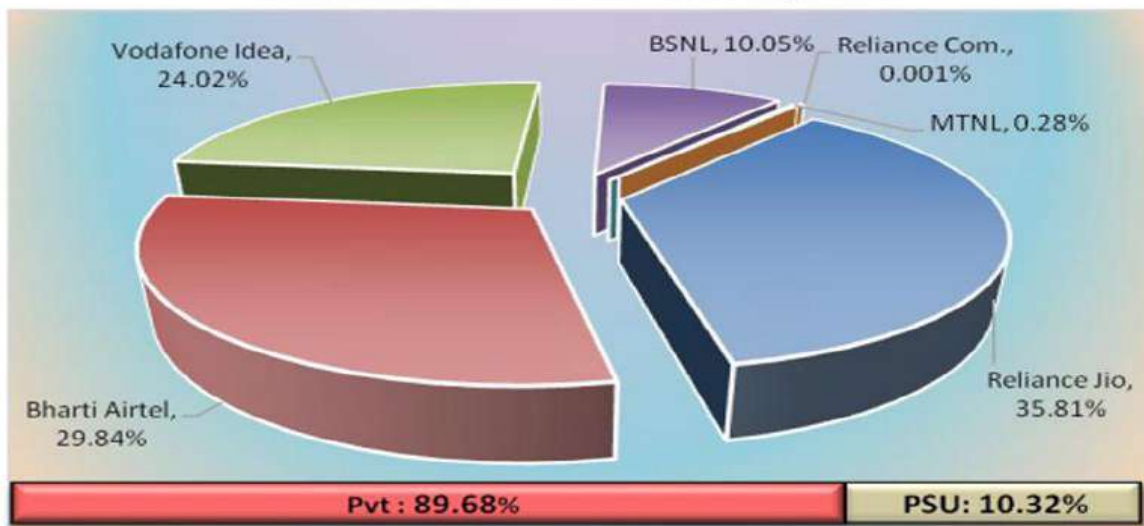
Key Performance Indicators	Q2 FY21	Q2 FY20	Q1 FY21	Q4 FY20	Q3 FY20
Subscriber Base (Cr)	29.37	27.94	27.98	28.37	28.30
Net Subscriber Addition	1.38 Cr	26.1 Lakh	-38 Lakh	6.31 Lakh	36 Lak
Pre Paid as % of Total Base	94.8%	94.9%	94.8%	94.8%	94.9%
Average Revenue per User ARPU (Rs / month)	162	128	157	154	135
Revenue per Tower per Month (Rs. Lakh)	2.33	1.95	2.21	2.27	2.02
Voice on Network (Cr Minutes per Day)	860	716	820	821	759
Voice usage per customer (Minutes)	1,005	848	994	965	898
Data Customer Base (Cr)	16.22	12.42	14.91	14.85	13.84
4G Customers as a % of Data Customer Base	55.2%	44.5%	53.3%	52.4%	48.9%
total GBs on the Network ie. Wireless Data Consumption (Cr GB)	764	482.8	724	645.2	554.7
Per Capita Data Consumption (GB / month)	16.41	13.11	16.65	14.97	13.93



Total Wireless Subscribers in Million



Access Service Provider-wise Market Shares in term of Wireless Subscribers as on 31st March, 2021



Balance Sheet - Bharti Airtel Ltd.

Rs (in Crores)

Particulars	Mar'21	Mar'20	Mar'19	Mar'18	Mar'17
	12 Months	12 Months	12 Months	12 Months	12 Months
Liabilities					
Share Capital	2746.00	2727.80	1998.70	1998.70	1998.70
Reserves & Surplus	74614.10	98347.20	96307.20	100862.20	99208.60
Net Worth	77360.10	101075.00	98305.90	102860.90	101207.30
Secured Loan	94407.70	82717.40	83752.50	-5244.90	-3483.00
Unsecured Loan	.00	.00	.00	67781.00	60372.90
TOTAL LIABILITIES	171767.80	183792.40	182058.40	165397.00	158097.20
Assets					
Gross Block	241362.00	233712.00	200317.00	180754.60	163428.00
(-) Acc. Depreciation	83973.60	72032.70	66505.10	58145.20	51905.20
Net Block	157388.40	161679.30	133811.90	122609.40	111522.80
Capital Work in Progress	1306.30	1258.70	5636.50	5542.70	9600.20
Investments	52273.00	38726.80	37579.80	48128.20	45959.00
Inventories	.80	3.10	1.00	6.30	3.90
Sundry Debtors	3178.20	3810.00	3840.30	4319.60	3211.80
Cash and Bank	1036.50	3397.60	235.30	545.10	173.40
Loans and Advances	62563.90	91497.30	41802.70	23786.00	21166.50
Total Current Assets	66779.40	98708.00	45879.30	28657.00	24555.60
Current Liabilities	85602.20	75629.50	40547.60	39231.10	33178.30
Provisions	20377.10	40950.90	301.50	309.20	362.10
Total Current Liabilities	105979.30	116580.40	40849.10	39540.30	33540.40
NET CURRENT ASSETS	-39199.90	-17872.40	5030.20	-10883.30	-8984.80

Misc. Expenses	.00	.00	.00	.00	.00
TOTAL AS-SETS(A+B+C+D+E)	171767.80	183792.40	182058.40	165397.00	158097.20

Rs (in Crores)

Hypothesis:

Hypothesis 1-

The financials of the Indian telecom sectors with reference to the Bharti airtel shows the robust growth of the Indian telecom sector.

Hypothesis 2-

HO- the telecom market of India is very vast and it has huge potential to drive the economic growth of the country and Bharti airtel can play role in it.

Hypothesis testing – from the above research study it is found that hypothesis number 1 found to be true and hence accepted and the null hypothesis is rejected.

Also hypothesis 2 is also accepted whereas its null hypothesis gets rejected.

FINDINGS:

Supply

Intense competition has resulted in prompts services to the subscribers.

Demand

Given the low tariff environment and relatively low rural and semi urban penetration levels, demands will continue to remain higher in the foreseeable future across all segments.

Barriers to entry

Complex regulations, high capital investment, well established players who have a nationwide network, license fee, continuously evolving technology and lowest tariffs in the world.

Bargaining powers of suppliers

Improved competitive scenario, mobile number portability (MNP), and commoditization of telecom services providers.

Bargaining powers of customers

A wide variety of choices available to customers both in fixed as well as mobile telephony has resulted in increased bargaining power for the customers

Competition

Competition is expected to increase when reliance jio info COMM. (jio) enters the industry in 2016. Reduced tariffs have hurt all incumbent operators.

CONCLUSION:

India is huge market and none of service providers can dare to ignore its potential. That's why Indian mobile service providers industry is growing leap and bounce for the last decade. This journey of 1 million to 50 million will keep it pace until each citizen in India will have his own mobile. Industry has many phases in its growth. Now mobile does not mean only medium of communication. Service providers are now willing to provide various facilities like entertainment (music, video, etc.) and even banking also. We can say that business is transforming in e-commerce to m-commerce (mobile commerce). In short, we can say drastic changes has come in the industry along with expanding its base in subscribers, they are keeping eye not only to offer new facilities but also to be the first to provide it.

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