



# WIRED FOR SUCCESS

India's last mile telecom connectivity

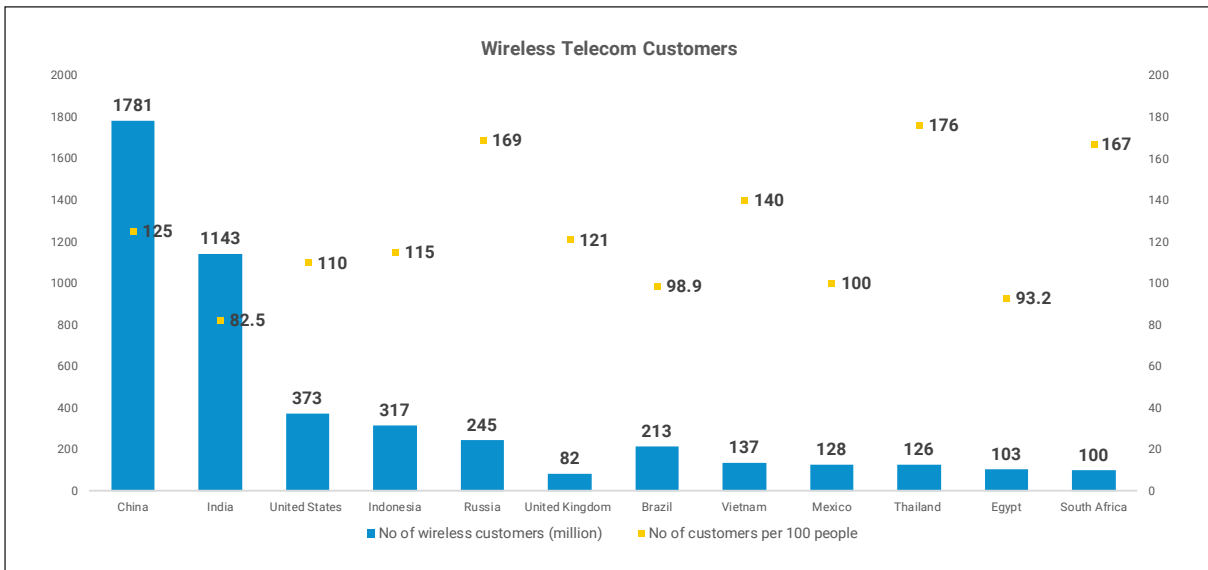


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## Did You Know?

### India is the second-largest telecom market by customer base

India is among the five fastest-growing wireless telecom markets, with its customer base clocking 2.9% CAGR between 2013 and 2022. However, at 82.6 as of 2022, India's wireless customers per 100 people is the lowest among the top five wireless markets as well as among emerging markets, indicating potential for further growth.



Source: International Telecommunication Union (ITU), CRISIL MI&A

## Telecom Industry in Numbers



**917 million**  
Broadband  
Connections



**4 million**  
People  
Employed



**125 million+**  
5G User  
Base



**100**  
Smart Cities



**7.5 lakh**  
Fiberised Tower  
Deployed

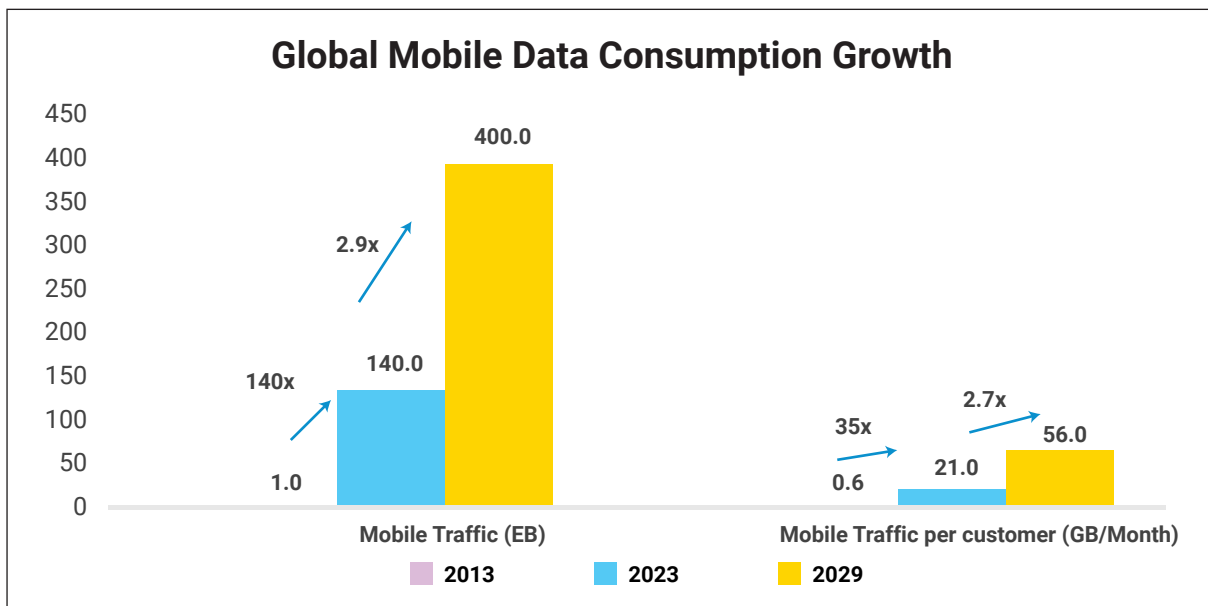
# TELECOM EQUIPMENT MANUFACTURING

## a success story supported by PLI schemes

India has an overall tele-density of 85.64%, with the tele-density of the rural market, largely untapped, standing at 58.92%, while the tele-density of the urban market is 134.13%. As of February 2024, the number of telecom subscribers (wireless + wireline) in the country stood at 1197 million, as per TRAI. Looking ahead, as India strives for last-mile connectivity, the telecom equipment manufacturing industry stands to gain.

### Growth Drivers

- ₹12,195 crore earmarked for manufacturing of telecom and networking products under Atmanirbhar Bharat Abhiyan Production Linked Incentive (PLI) schemes.
- Incentives worth more than ₹4,000 crore set aside for design-led manufacturing scheme.
- Fixed broadband subscriptions in India stand at only 2.85 per 100 persons, almost one-fourth of the global average. This indicates significant headroom for growth.
- Average Revenue per user of telco could see a meaningful hike of around 25% by telecom operators, post general elections.
- Home broadband penetration in India stands at 13%, with the government aiming for 80%.
- India is one of the highest consumers of data per day, with approximately 5 hours of daily time spent on smartphones.
- Globally, 5G adoption is picking pace. The total number of operators with active commercial 5G services stands at 249, spread across 97 markets worldwide. This presents new opportunities for India as well.
- India has more than 7.5 lakh telecom towers, envisaged to be increased up to 15 lakh towers by 2024-25.
- OFC (optical fiber cable) rollout has crossed 30.6 lakh kilometers, and there is an ambitious target of 85% of the telecom towers needing to be fiberised, with 12-15 lakh towers needing to be deployed by 2026-2027.
- IP-1 plays a prominent role in the growth of the digital economy, Industry 4.0, and the successful implementation of government programs such as Digital India



Source: Ericsson Mobility Report 2023, CRISIL MI&A

## Telecom Sector Reforms and Projects

- In 2021, significant structural and procedural reforms were implemented to improve liquidity and reduce financial strain in the telecom sector.
- BSNL has issued a tender worth ₹65,000 crore for the phase-III BharatNet project. This initiative aims to bolster connectivity in rural areas by upgrading existing infrastructure and connecting additional gram panchayats. The tender covers the design, supply, construction, and installation of optical fiber cables, switches, routers, and other essential telecom equipment.
- Under the BharatNet project, 1,77,550 Gram Panchayats (GPs) have been made service ready till June 2022.
- PM-WANI: Envisages provision of Broadband through Public Wi-Fi Hotspot providers. It will consist of elements such as Public Data Office (PDO), Public Data Office Aggregator (PDOA), App Provider and Central Registry.
- Digital India: Union Cabinet has approved expansion of the programme with an outlay of ₹14,903 crore.

## Wireless access service providers in India

Service provider	Licensed service areas	Wireless customers (H1 FY24) (million)
Reliance Jio Infocom	All India	449.2
Bharti Airtel	All India	377.8
Vodafone Idea	All India	227.5
BSNL (PSU)	All India (except Delhi and Mumbai)	93.7
MTNL (PSU)	Delhi and Mumbai	2.0
Reliance Communications	All India (except Assam and Northeastern states)	0.00*

\*Note: As of September 2023, Reliance Communications had 2,384 wireless customers. On account of negligible number of customers of Reliance Communications, the Indian telecom market is considered to be a five-player market. Source: DoT website, CRISIL MI&A

## Industry Scenario

The Telecommunications industry is divided into: Infrastructure, Equipment, Mobile Virtual Network Operators (MNVO), White Space Spectrum, 5G, Telephone service providers and Broadband.

- Telecom equipment manufacturing in India has seen significant growth with exports exceeding ₹10,500 crore in FY24. PLI scheme has played a crucial role in the success creating over 19,500 direct jobs.
- India secures 2nd rank in **Mobile broadband internet traffic within the country** and **International Internet bandwidth**.
- India secures 3rd rank in **Annual investment in telecommunication services** and **Domestic market size**.
- 5G network has been rolled out in all 28 states and 8 UTs.
- Urban telephone connections rose to 666.40 million in Feb 2024 from 555.2 million in Mar 2014, a growth of 20%. Rural telephone connections has grown from 377.8 million in Mar 2014 to 531.35 million in Feb 2024.
- Telecom equipment manufactured in India is currently being exported to North America and Europe.
- Companies under PLI scheme for Telecom equipment manufacturing: Dixon Technologies, HFCL, Tejas Networks, Sterlite Technologies

## Indian Telecom Universe

Names	Mcap (₹ cr)	CMP (₹)	Names	Mcap (₹ cr)	CMP (₹)
Bharti Airtel	8,02,277	1,348	ITI	29,528	307
Reliance Industries	19,42,429	2,871	Tejas Network	20,510	1,201
Indus Towers	92,760	344	Blackbox	3,932	234
Vodafone Idea	87,958	13.2	HFCL	13,905	96.5
Tata Communications	51,323	1,801	Dixon Technologies	53,425	8,931
Bharti Hexacom	48,378	968	Sterlite Technologies	6,226	128
Railtel Corporation of India	13,110	408	Suyog Telematics	1,192	1,118

Data as on 17th May, 2024

### TO KNOW MORE, CONTACT US

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