

Impact of JIO on Indian Telecom Industry

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Abstract

Over the past ten years, the Indian telecom sector has experienced tremendous change, mostly due of Reliance Jio's arrival. 2016 saw the official launch of Reliance Jio's mobile services in India on September 5, 2016. With its aggressive pricing and creative tactics, Jio not only upended the market but also altered the way Indians consume data, enabling millions of previously underserved people to access the internet. This article examines Jio's history, its effects on the telecom market, and the sector's prospects.

Key Words: Lanch of JIO, Pricing strategy, Data Consumption, Internet accessible.

Introduction

Costs dominated India's telecom business prior to Jio. In line with the government's goal of a "Digital India," Jio's creator, Mukesh Ambani, pledged to transform digital services in India when the company first entered the market. When Jio first started out, it provided free broadband, voice, and SMS services for a brief time. Millions of subscribers were immediately drawn in by this brilliant strategy. Jio's plan was simple: take advantage of India's large and expanding smartphone user base by offering high-speed, reasonably priced internet connection to the general public. Within six months of its inception, Jio had 100 million members thanks to its ability to provide data at a tenth of the price of rivals.

The process of digital disruption – whether led by Government or not, creates numerous significant social changes. Rather than seeking to slow that process to reduce those challenges, India has taken the opposite approach: to not only embrace but accelerate digital disruption, to ensure its full potential for economic and social inclusion is realized. Aravind Gupta, Harward Business review November 8, 2017.

In the year since its launch jio has acquired over 100 million users many connecting to the mobile internet for the first time in their lives. To give some context, this effectively makes Jio that fastest adopted technology in human history. Trushar Barot, Nieman Lab, December 18, 2017.

Think of the hundreds of millions of Chinese internet users and how they changed the very nature of e-commerce, creating behemoths like Alibaba and Tencent, and have revolutionized finance by creating cheap

digital payments far faster than any in the United States. Indians might well initiate the next series of transformations because of how this vast user base will use the internet. Fareed Zakaria, CNN April 1, 2018.

Impact on the Telecom Industry

With Jio's arrival, the Indian telecom industry underwent a sea change. Other telecom companies were forced to cut their rates in order to remain competitive as a result of the price war it started. The industry became more consolidated as a result of the fierce competition. In order to weather the Jio assault, smaller companies like Telenor and Aircel either merged or left.

By shifting the competitive landscape from voice-based to data-based platforms, Jio has successfully transformed the Indian telecom sector. According to the report, Jio has greatly improved data affordability and accessibility. Even the most pessimistic estimates indicate that Jio's arrival has saved consumers Rs. 60000/- crores annually just by lowering data prices. In barely six months since Jio's inception, our nation has become the world's largest mobile data user due to increased data accessibility and affordability. The business has made an effort to develop a digital platform with applications for banking, health, education, and other areas in order to meet the many socioeconomic demands of its clients. According to econometric study, if everything else in the economy stays the same, Jio's arrival would increase India's GDP by about 5.65% due to extensive network effects.

The sector has changed since Jio entered the Indian telecom market in September 2016. By providing free lifelong calling to its customers, it altered the competitive landscape in a sector where voice calls accounted for 75% of revenue. Rather, the new focus of competitiveness was data. India became the world's largest mobile data consumer within six months of Jio's introduction, using more than 1 billion GB of data each month, up from 200 million GB previously. According to the Jio network's most current statistics, its users typically use 134 hours of video, 700 minutes of voice, and about 10 GB of data per month. A year and a half ago, such levels of digital use were unheard of.

Data revolution

In India, Jio's low-cost pricing strategy sparked a data revolution. Due to expensive costs and sluggish internet connections, data usage in India was comparatively low before Jio. But Jio's 4G network and inexpensive data bundles made India one of the biggest mobile data consumers in the world. With an average user consuming more than 19 GB of data per month, India is one of the top countries for data consumption as of 2023.

Volte and Free Voice calls

Voice over LTE (VoLTE) technology, which enables voice calls over a data network, was one of Jio's most important advancements. In contrast to the industry's custom of pricing separately for voice calls and data, Jio was the first telecom provider in India to offer free voice calls as part of its packaged service. As a result, other telecom companies were compelled to implement same tactics, which ultimately resulted in a decrease in voice call fees throughout the sector.

Jio's Digital eco system

Dependency Jio has made a name for itself as a digital ecosystem that includes e-commerce, healthcare, education, and entertainment in addition to telecom. Among these are JioTV, JioCinema, JioSaavn, and JioMeet. Jio Platforms demonstrated its promise outside telecom in 2020 when it raised over \$20 billion from international investors like Facebook, Google, and Silver Lake. Jio hopes to spearhead India's digital transformation by branching out into fields like artificial intelligence, cloud computing, and 5G services with the help of these IT behemoths' strategic investments.

5 G and the Future of JIO

Jio is well-positioned to lead India's 5G rollout as the globe transitions to 5G technology. With the goal of positioning India as a worldwide leader in digital infrastructure, Jio announced intentions to launch its 5G network in 2021. Jio is well-positioned to dominate the 5G market with its vast network and substantial financial resources, providing incredibly high internet speeds and facilitating advancements in industries like autonomous vehicles, smart cities, and the Internet of Things (IoT). Additionally, Reliance Industries, the parent company of Jio, is collaborating with Google to produce reasonably priced 5G handsets, which will hasten the rollout of 5G in India.

India's telecom industry is highly regulated, and Jio's operations may be impacted by frequent policy changes. In order to meet the increasing demand for data, particularly with the impending introduction of 5G networks, the corporation must also consistently spend in modernizing its infrastructure. Established competitors like Airtel, which has successfully maintained a devoted clientele and is rapidly growing its 5G network, also pose a threat to Jio. Jio's low-cost, high-volume business model is challenged by Airtel's emphasis on premium offerings and customer experience. Additionally, even though Jio's free services drew millions of users at first, long-term profitability will depend on its capacity to monetize its user base through value-added services.

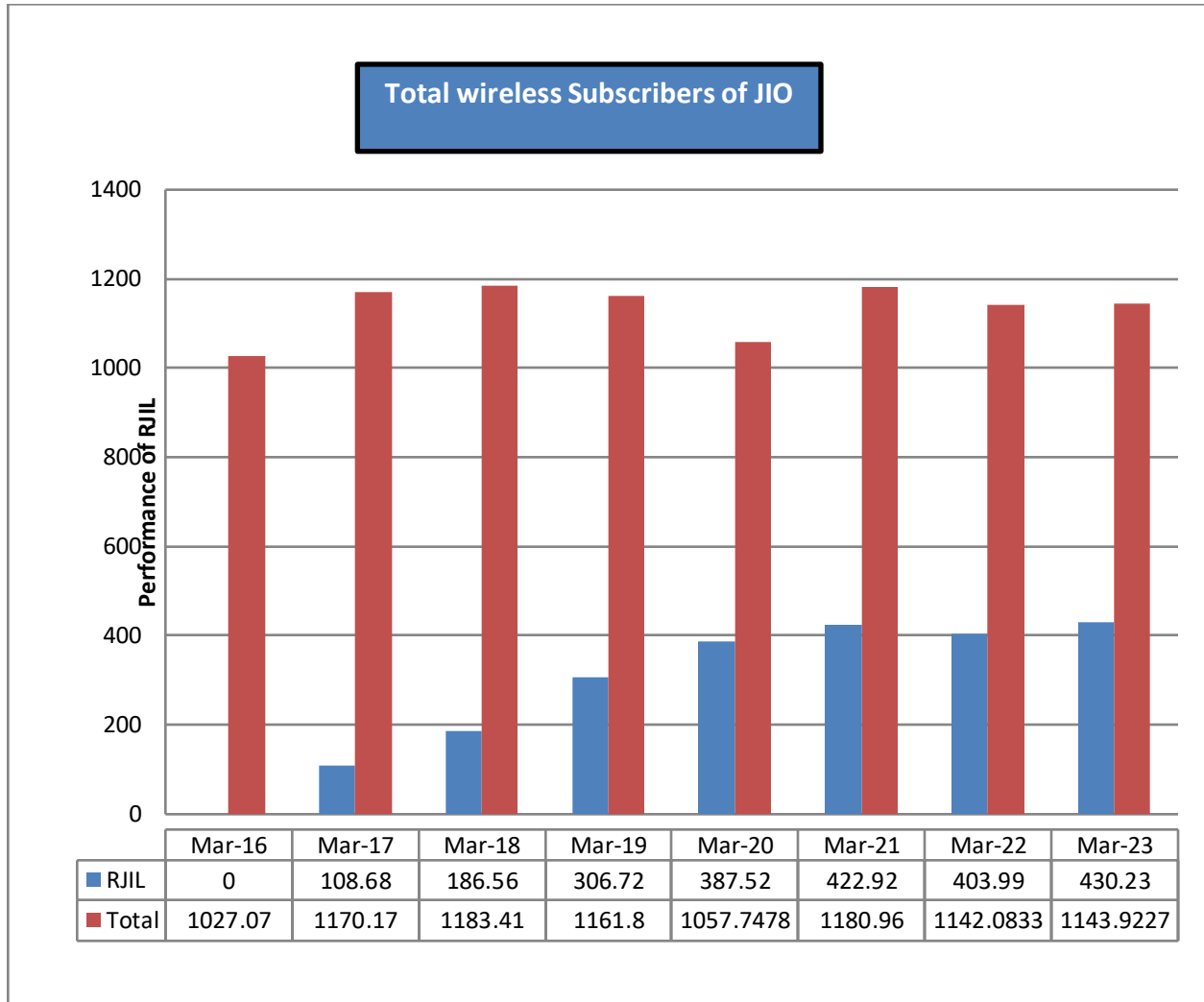
Table 1

Total Wireless subscribers (in Millions)									
S.No.	Group Name	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
1	Bharti	251.24	273.65	304.19	325.18	227.81	352.39	360.33	370.91
2	Vodafone	197.95	209.06	222.7	394.84	319.17	283.71	260.77	236.75
3	Idea	175.07	195.37	211.21					
4	Reliance	102.41	83.5	0.19	0.02	0.0178	0.01	0.0033	0.0027
5	Aircel	87.09	90.9	74.15	0				
6	BSNL	86.35	100.99	111.68	115.74	119.87	118.63	113.74	103.68
7	RJIL	0	108.68	186.56	306.72	387.52	422.92	403.99	430.23
8	Tata	60.1	48.99	31.19	15.85				
9	Telenor	52.45	50.49	37.98	0				
10	Sistema	7.69	4.91	0	3.45				
11	MTNL	3.56	3.63	3.56		3.36	3.3	3.25	2.35
12	Quadrant	3.16	0						
	Total	1027.07	1170.17	1183.41	1161.8	1057.748	1180.96	1142.083	1143.923

Source: Trai Annual Reports



Diagram 1



Source: Trai Annual Reports

Table 2

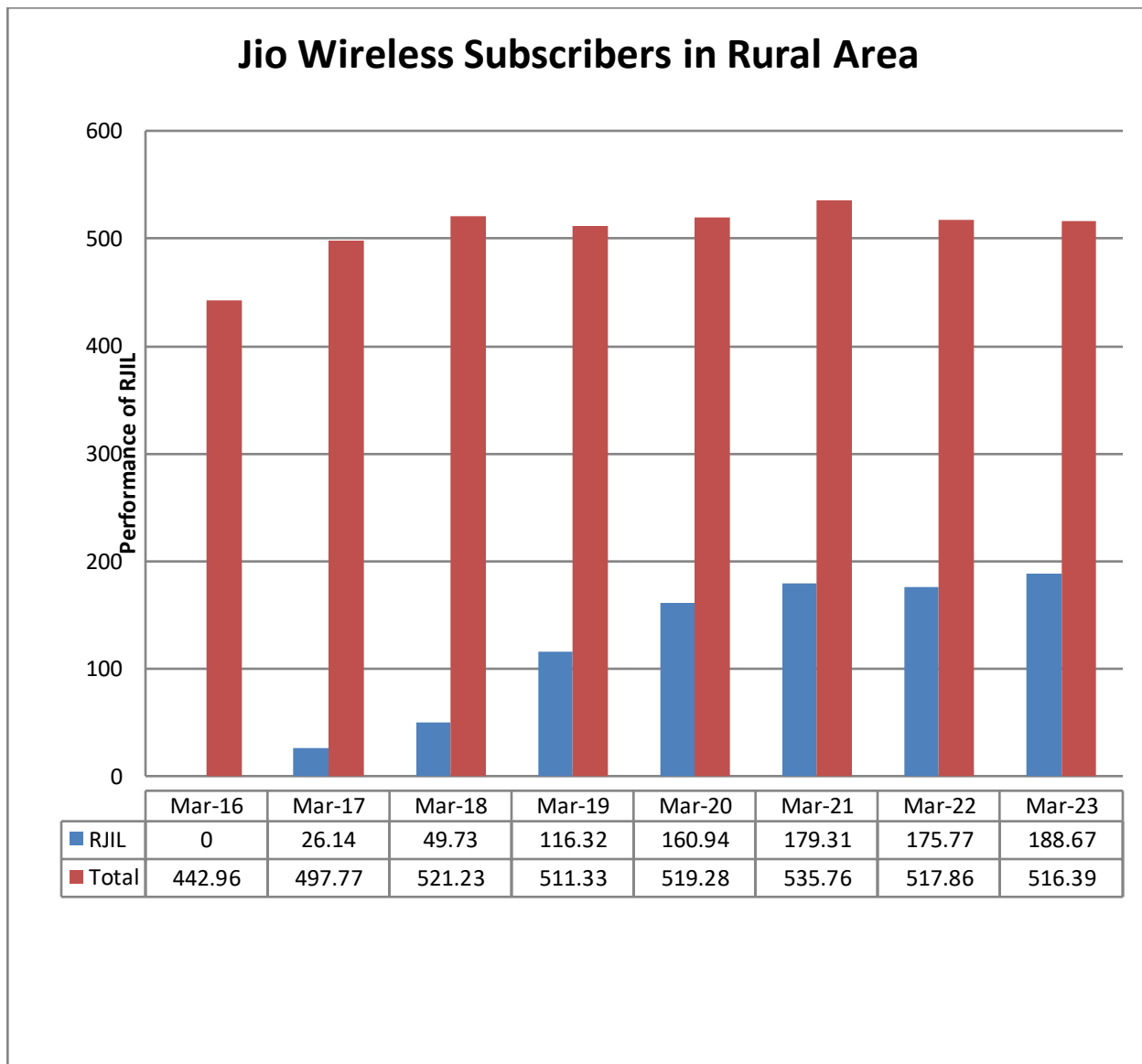
Total Wireless subscribers in Rural Area (in Millions)									
S.No.	Year	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
1	Bharti	121.98	136.69	156.95	149.14	153.18	168.63	173.98	179.79
2	Vodafone	106.02	114.03	120.31	207.15	167.02	149.93	131.45	115.37
3	Idea	97.41	108.79	114.74	0	0			
4	Reliance	25.32	19.4	0.02	0	0	0	0	0
5	Aircel	29.78	31.86	28.04	0	0			

6	BSNL	28.9	32.88	35.82	36.59	38.09	37.84	36.62	32.52
7	RJIL	0	26.14	49.73	116.32	160.94	179.31	175.77	188.67
8	Tata	15.87	12.01	4.81	2.08	0			
9	Telenor	15.96	14.85	10.76	0	0			
10	Sistema	1.64	1.07	0	0	0			
11	MTNL	0	0.05	0.05	0.05	0.05	0.05	0.04	0.04
12	Quadrant	0.08	0	0	0.00	0			
	Total	442.96	497.77	521.23	511.33	519.28	535.76	517.86	516.39

Source: Trai Annual Reports

Diagram 2





Source: Trai Annual Reports

Findings and Suggestions

- The market flourished when Reliance Jio entered the market in 2016 since it had developed numerous effective methods.
- Its initial plan was to compete fiercely with major telecom companies like Vodafone, BSNL, Idea, and Airtel.
- Small telecom companies like Aircel, Tata Docommo, Uninor, and others were forced to leave the market when Reliance Jio entered.
- The first goal of Jio's entry strategy was to draw in subscribers by offering them free services like unlimited calls, SMS, free mobile broadband, and no roaming fees.
- People were addicted to Jio's services when they first started using it. For example, they used to only receive 1GB of data per month, whereas Jio provided 1GB of data per day.
- Prior to Jio's introduction, users had access to 3G connectivity, which made browsing and

making payments extremely slow.

- Following Jio's introduction of 4G services, which offered full-speed data, users began utilizing it. Transactions and video surfing were simple and buffer-free, and eventually, users developed an addiction to it.

Conclusion

Dependency By spearheading a digital revolution that has changed how Indians interact, work, and consume content, Jio has completely revolutionized the Indian telecom sector. Due to its disruptive entry, the telecom industry as a whole was compelled to adapt and change, which benefited consumers by expanding into digital services and offering affordable data plans. It is still well-positioned to dominate the sector going forward. To maintain its market supremacy, it must, however, overcome regulatory obstacles, keep up infrastructural investments, and keep coming up with new ideas.

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