

Indian Telecom Growth Story

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It was in 1850 that an experimental electric telegraph line was started between Calcutta and Diamond Harbor. Next year, British East India Co. started using that line. The British who could see the benefit of this communication link in furtherance of their business and governance activities continued with expansion of telegraph line and later the links were established between Calcutta and Peshawar, Agra and Bombay, Madras and Ooty, and Bangalore over a period of next 4-5 years. The use of telegraph facility which was limited to East India Co. and British Administration in India only was opened to public in 1854 after a separate department was started for telegraph which was hitherto with Public Works Department.

However, it took another 25 years to start the telephone service in India. Telecommunications which remained a government monopoly for almost a century in modern India was initially started by Oriental Telephone Co. who established first telephone exchange in 1882 in Calcutta and had only 93 subscribers initially. Later telephone exchanges were established in Bombay, Madras, and Ahmadabad. Growth story of Indian telecom continued with slow pace as telephone was never considered a necessity in the Indian society and remained a status symbol for elite of the nation. Telecom technology itself remained static for decades and it was only in 1960s that auto-dialing facility became available to subscribers in India. Subscriber trunk dialing facility could start only in 1970s when few cities were connected through this facility. 1980s saw another technological leap when digital technology largely replaced analog technology. However, it was in 1990s that Government of India took up the expansion of telecommunication in a big way to extend digital telecommunications to every corner of the country, including remote villages. Establishment of Center for Development of Telematics (C-DOT) ushered in a new era in Indian telephony as this technology was found very suitable for establishment of digital exchanges of smaller capacity in Indian conditions.



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It was soon realized by the policy makers in the government that reach of Indian public to telecommunication is essential if the socioeconomic changes are to take place. To make this reach easier, a concept of PCOs was visualized. This quickly brought low-cost easy domestic and international public telephones all over the country. Telecom services soon acquired a special status in the infrastructure and were used as a measure of socio-economic development of the country. However, India needed telecom growth at a much faster rate which required huge investments. This resulted in Indian telecom industry undergoing a high pace of market liberalization and growth since 1990s and now India has become the most competitive and fastest growing telecom markets in the world.

Overall teledensity in India is over 80 percent now and the number of total telephone subscriber base is over 1000 million. Use of data service is a new growth story of Indian telecom. Presently, the number of mobile Internet users stand at about 160 million which is likely to almost double and reach up to 314 million in another two years according to KPMG. Effort of Government of India to connect every *panchayat* with broadband facility is already underway.

Above mentioned changes are bound to keep the telecom industry in a good stead and businesses will prosper in time to come. The business segment relating to OFC and OFC related equipment active or passive will be in good demand in coming years. ■