

# INDIAN TELECOM HISTORY VOLUME - II



By  
Telecom India Daily

This is in continuation to our last year release of  
Indian Telecom History Volume – I.



This edition primarily focuses on Indian private Telecom Sector and talks about all the companies operating in different technologies. Also it tracks down the new developments that took place recently. We have tried our best to cover all the aspects that we can.

# Telecom Liberalization



Liberalization started in 1981 when Prime Minister Indira Gandhi signed contracts with of France to merge with the state owned Telecom Company (ITI), in an effort to set up 5,000,000 lines per year.

# National Telecom Policy - 1994

- Indian telecom sector was liberalized by the government and changes reflected in local services market.
- The country was divided into 20 telecommunication circles for basic telephony and 18 circles for mobile services.
- These circles were divided into category A, B and C depending on the value of the revenue in each circle.

# Mobile Communication



1985 - First mobile telephone service started on non-commercial basis in Delhi.

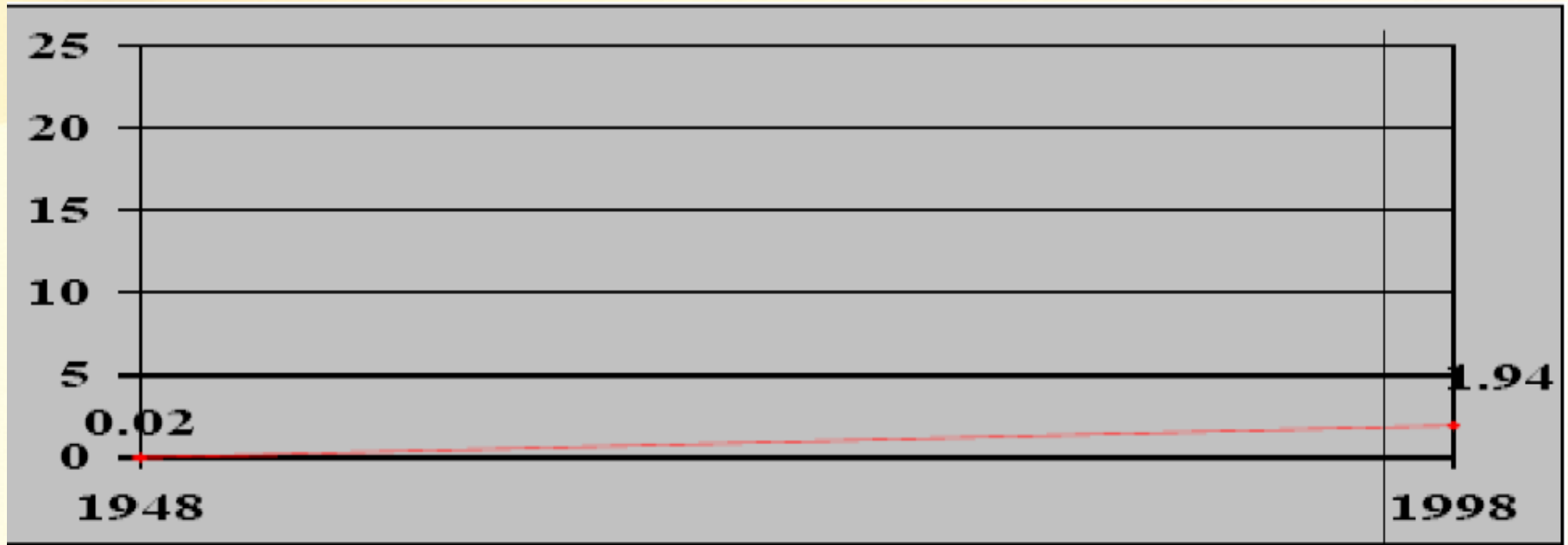
# GSM

- August, 1995 : GSM entered India.
- Historic first cell phone-call was made by MobileNet-joint venture between Telstra (Australia) & B.K. Modigroup.
- Mobile revolution began in Kolkata.
- Handset costs-40,000 & Call tariff-17 Rs/min.
- In the initial 5-6 years the average monthly subscribers additions were around 0.05 to 0.1 million only and the total mobile subscribers base in December 2002 stood at 10.5 millions.

# CDMA

- 1996 : Tata teleservices was the first to launch CDMA mobile services in India with the Andhra Pradesh circle

# Teledensity in initial years

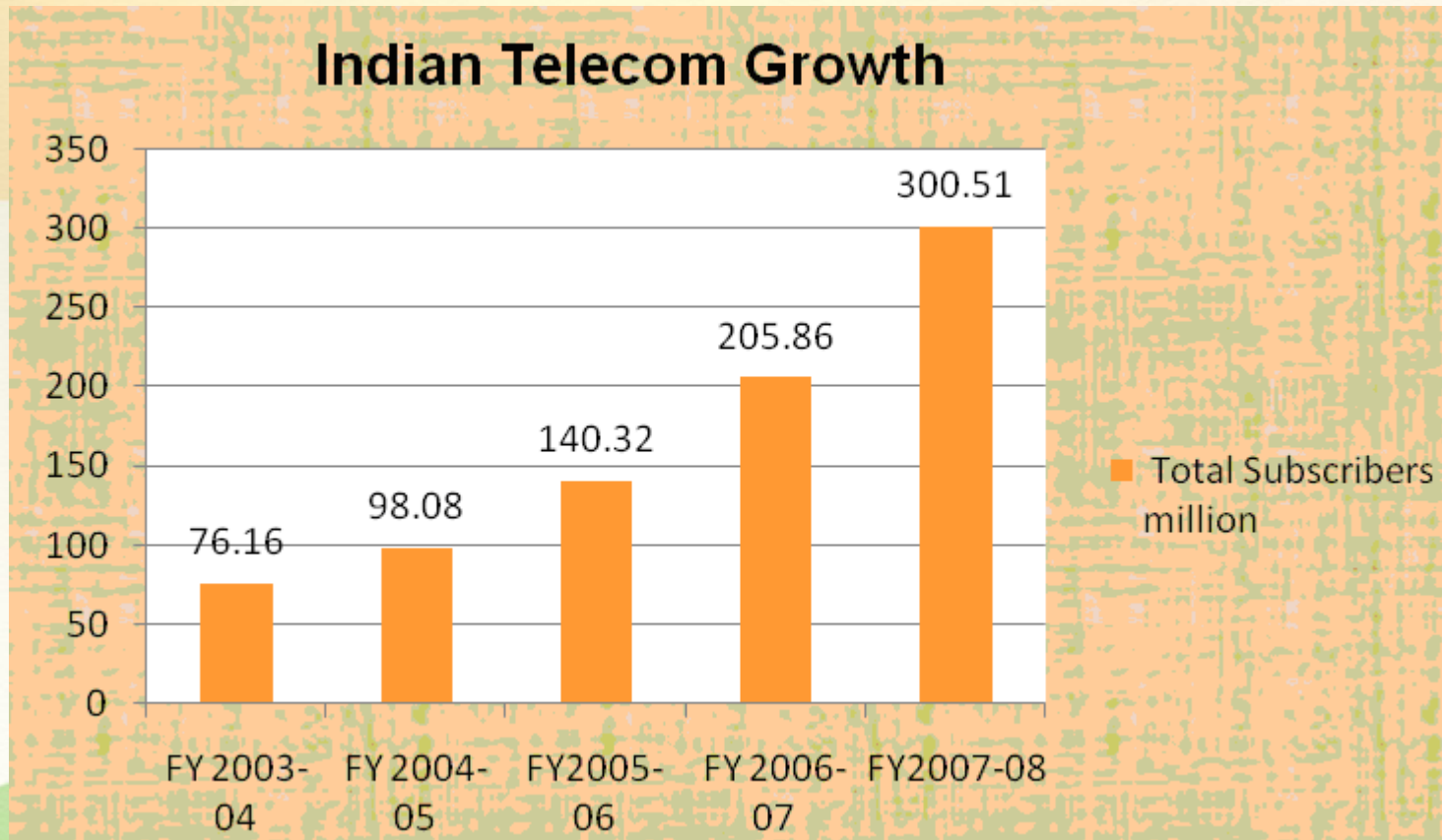


# Telecom Subscriber Growth 2004-2008

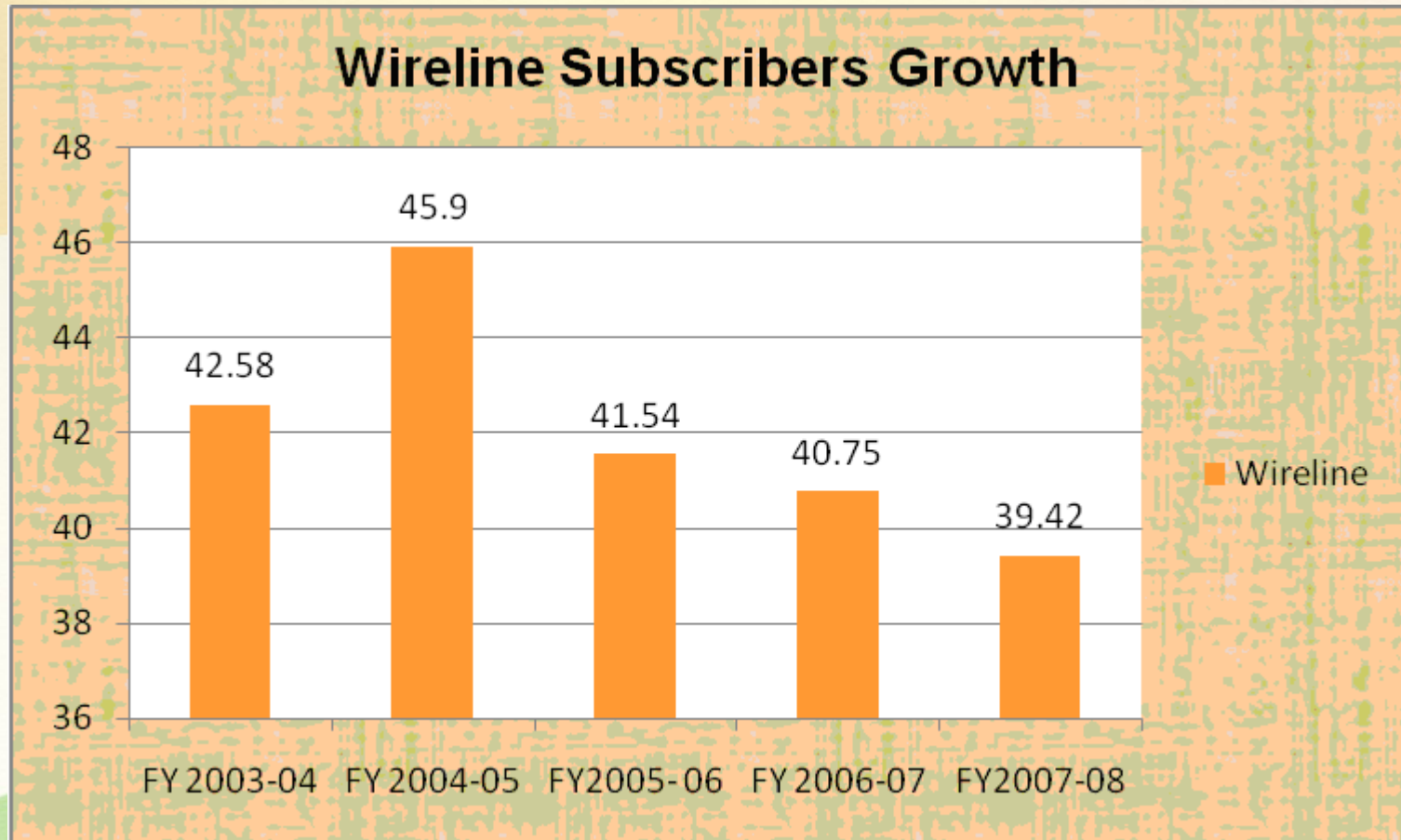


2007-08 year new additions reached 100  
million

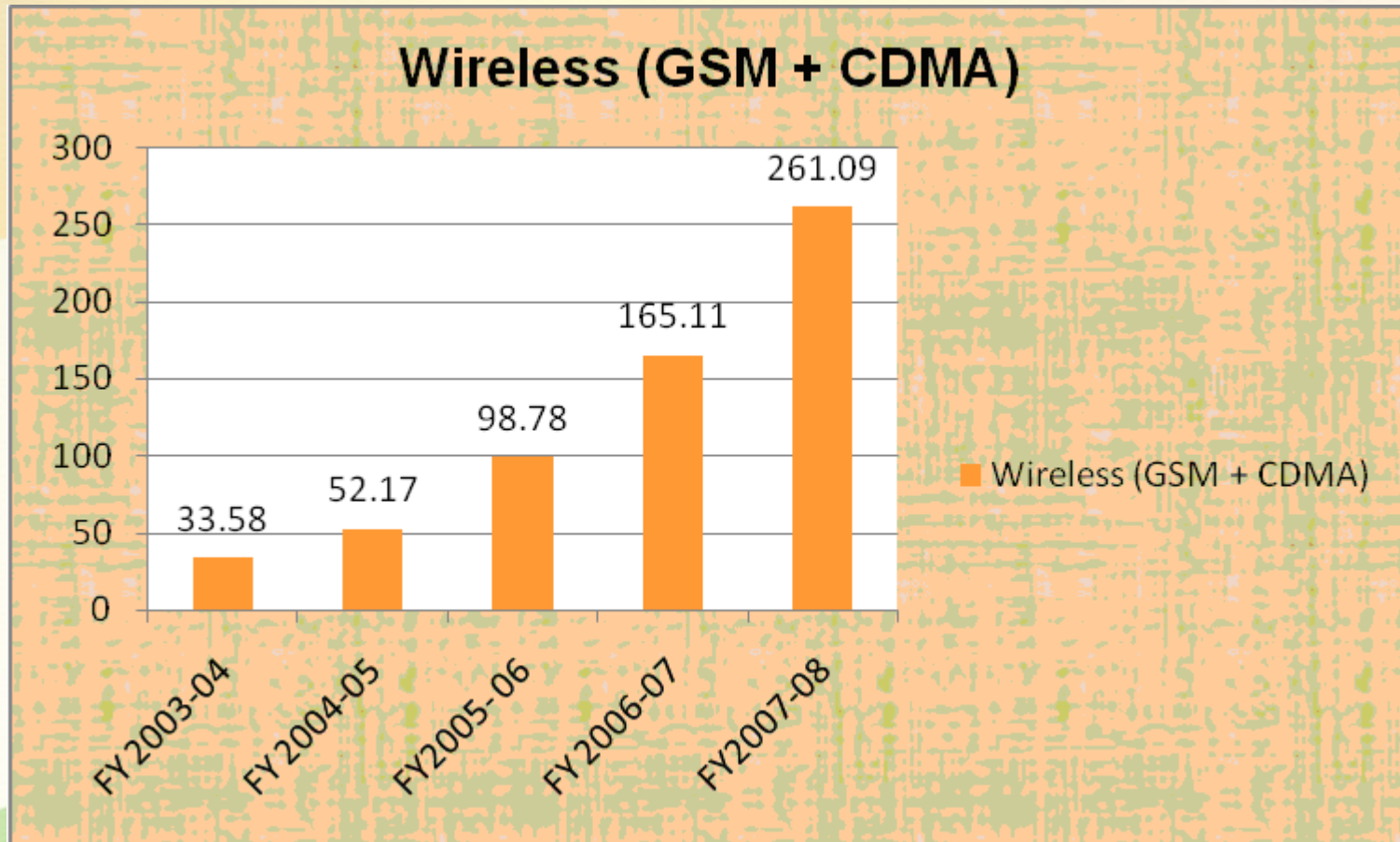
# Total Subscriber Growth



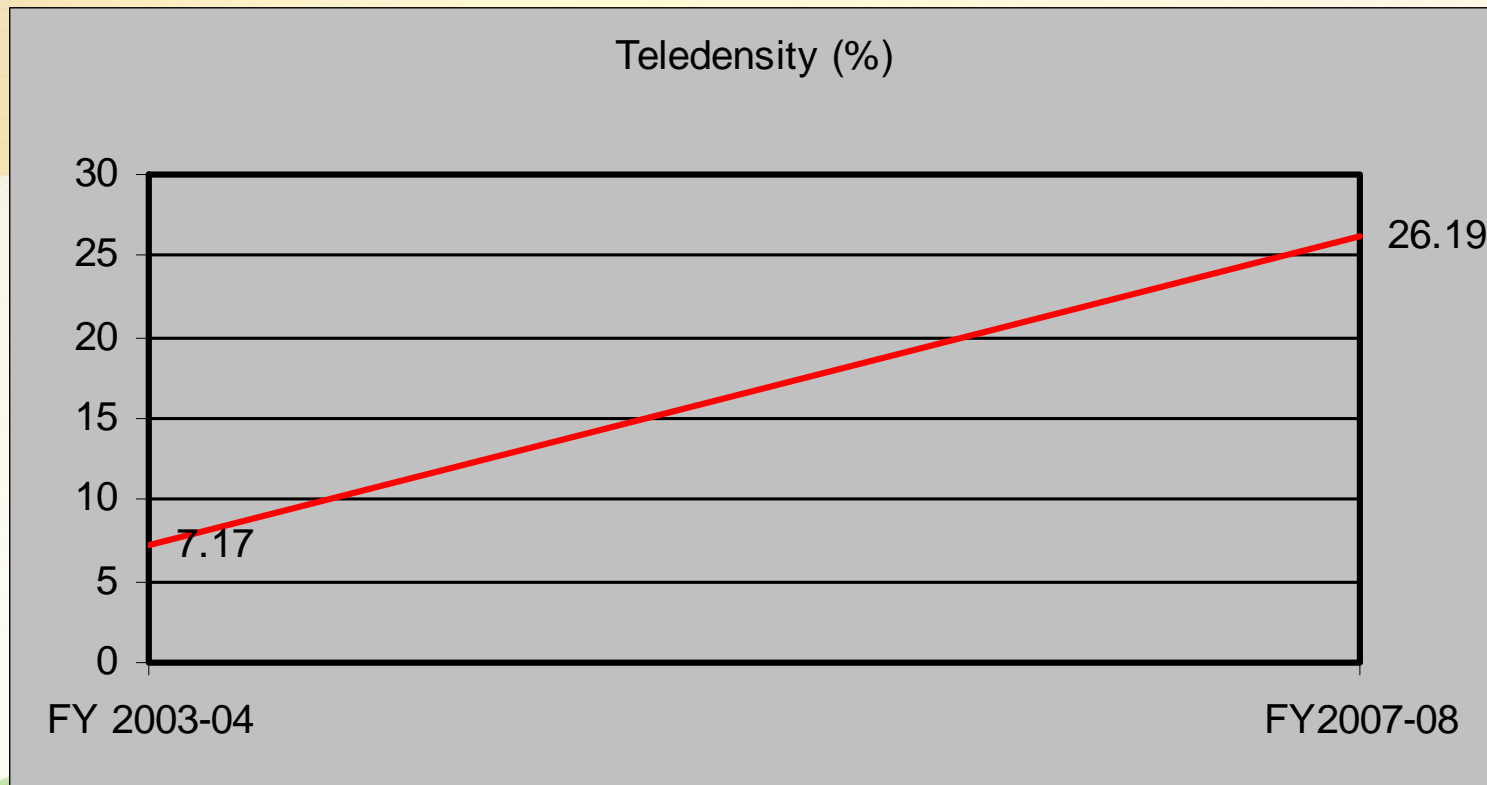
# Fixed Line



# Wireless (GSM + CDMA)



# Teledensity



# Telecom Companies



2007-08 year new additions reached 100  
million

# Bharat Sanchar Nigam Ltd. (PSU)

- October, 2000 : BSNL came into existence.
- World's 7th largest Telecommunications Company.
- 47.3 million line basic telephone capacity, 4 million WLL capacity, 20.1 Million GSM Capacity, more than 37382 fixed exchanges, 18000 BTS, 287 Satellite Stations, 480196 Rkm of OFC Cable, 63730 Rkm of Microwave Network connecting 602 Districts, 7330 cities/towns and 5.5 Lakhs villages.



# Mahanagar Telecom Nigam Limited

- **1st April, 1986** : MTNL was setup
- **1986** : First digital exchange world technology brought to India
- **1997** : Wireless in Local loop introduced
- **2000** : Millennium Telecom Limited, a wholly owned subsidiary of MTNL is born
- **2007** : First operator to launch IPTV commercial services

# Bharti Airtel

- Started mobile business from Delhi
- First telecom service was introduced in Indore
- Ranks number #1 today in Indian mobile market
- April 2006 : Bharti Global Limited was awarded a telecommunications licence in Jersey in the Channel Islands
- Bharti Airtel will roll out third generation services in Sri Lanka in association with Singtel
- Apple iPhone 3G will be available in india by Airtel and vodafone on 22nd of august

# Reliance Communications

- 27 December 2002 : Reliance Infocomm inaugurated
- 28 December 2002 : 60,000 route kilometres of a pan-India fibre optic backbone was commissioned.
- 15 January 2003 : First Base Transceiver Station (BTS) made "Ready for Electronics"
- 01 July 2003 : introduces "Monsoon Hungama" Offer: Sets world record - acquires one million customers in 10 days
- 01 January 2006 : launched "One Nation, One Tariff"
- June 2008 : Reliance touches 50 million mark



# TATA Teleservices Limited

- 1996 : Incorporated and was the first to launch CDMA mobile services in India with the Andhra Pradesh circle
- December 2002 : acquisition of Hughes Tele.com (India) Limited [now renamed Tata Teleservices (Maharashtra) Limited]
- Tata Teleservices Limited along with Tata Teleservices (Maharashtra) Limited serves over 25 million customers in over 5000 towns



# IDEA Cellular

- 1995 : Incorporated as Birla Communications Limited and obtained licenses for providing GSM-based services in the Gujarat and Maharashtra Circles
- 1997 : Network rollout and commercial launch
- January 2001 : Merger with Tata Cellular Limited
- June 2001 : Acquired RPG Cellcom Limited
- January 2004 : Acquired Escotel Mobile Communications Private Limited ("Escotel")
- 2002 : **Changed name to Idea Cellular** Limited and launched "**Idea**" brand name; reached the one million subscriber mark
- Acquired Spice Telecom



# Aircel (Dishnet)

- 1999 : Started operations
- December 2003 : Launched commercially in Chennai
- 2005 : Expansion mode adopted

# BPL Mobile

- 1995 : Started operations
- currently operates in Mumbai city with more than 1 million



# HFCL Infotel Ltd.

- 2000 : Launched in Punjab under the Connect brand name
- Average Revenue per Line (ARPL) for Infotel is among the highest in the country

# Shyam Telecom

- 1995 : Starts GSM operations in the Indian state of Rajasthan under the brand name of Oasis Cellular
- 1997 : Starts wireline and broadband services in Rajasthan, following the auction of fixed-line licenses.

# Merger & Acquisitions



Major merger & acquisitions in Indian  
telecom journey so far

# 1998 - 2005

Major M&A deals in Indian telecom sector							
Company/Service Name	% Stake sold	Buyer	Seller	Year	Deal size (US\$)	Indicative Enterprise value (US\$)	Per sub value (US\$)
Orange, Mumbai	41%	Hutchison Group, Hong Kong	Max Group, Delhi	1998	560 Mn	1.36 Bln	NA
Hutch, India	8.33%	Max India	Kotak Mahindra, India	2006	225 Mn	-	NA
Hutch Essar, India	5.1%	Hutchison Group, Hong Kong	Hinduja	2006	450 Mn	9 Bln	NA
Hutch Essar	3.17%	Essar Group	Max India	2005	146 Mln	-	570
Command Cellular, Kolkata	100%	Hutchison & Indian Group,	Usha Martin & Others	2000	-	138 Mln	
Idea Cellular	48.14%	Aditya Birla Group	Tata Group	2005	NA	2 Bln	400
Modi Telestra, Calcutta	100%	Bharti Group, India	B.K.Modi and Telestra	2000	NA	160 Mln	
Bharti	9.3%	Private Investors	Warburg Pincus	NA	873 Mn	NA	1000
Bharti Airtel	10%	Vodaphone	Bharti Group	2005	1.5 bln	16 Bln	1000
Aircel, Chennai	79.24%	Sterling Group, Chennai	RPG Group	2003	210 Cr		
Aircel, TN, Chennai and NE	74%	Maxis, Malaysia	Sterling Group	2006	750 Mn	1.07 Bln	496
Spice, (Punjab and Bangalore)	49%	Telekom Malaysia, Malaysia	NA	2006	178 Mn	363 Mln	-
Reliance CDMA	-	Qualcomm, San Diego, US	Reliance Infocomm	2002	-	10 Bln	-
BPL Mobile and BPL Cellular	-	Promoters		2005	1.15 Bln	NA	-

# 2005 - 2008

Company/Service Name	% Stake sold	Buyer	Seller	Year	Deal size
Hutch, India	67	Vodafone UK	Hutchison, Hongkong	2007	11.1 Bln (US\$)
Shyam, Rajasthan	10	Siestema, Russia	Shyam Telecom, India	2007	11.4 Mn (US\$)
Shyam, Rajasthan	41	Siestema, Russia	Shyam Telecom, India	2008	58.1 Mn (US\$)
Spice, Karnatka, Punjab	40.8	Idea Cellular, India	Spice Telecom, India	2008	2,716 Cr (India Rs)

# Special Case – VSNL to TATA Communications

- The only government entity sold off.
- VSNL's roots date back to two telegraph companies, Eastern Telegraph Co. (ETC, founded 1872) and Indian RadioTelegraph Co. (IRT, founded 1927).
- In 1932 the two merged to form Indian Radio and Cable Communications Co. (IRCC).
- In 1986 VSNL (Videsh Sanchar Nigam Limited which translates to Overseas Telecommunication Corporation Limited in English) was incorporated as a wholly owned government entity.
- In 2000 Tata Group acquires a controlling stake in VSNL, Tata Indicom, the umbrella brand for Tata Telecom Services, starts operation.
- In 2002 The Indian Government privatized VSNL. Tata Group holds 46% stake in VSNL, The Indian government holds 26% stake.
- In 2004 VSNL International is launched.
- In 2008, Tata Communications became the unified global brand for VSNL, VSNL International, Teleglobe, Tata Indicom Enterprise Business Unit, and CIPRIS.

# New Policies & Plans



India One was launched on January 1,  
2006

# Policy

- 2005 : ILD & NLD annual license fees reduced from 15% to 6%.
- 2006 : FDI Policy modified and the limit has been increased from 49% to 74%
- 2008 : 3G guidelines issued; spectrum allocation through auction; foreign players allowed to bid

# New Licenses



575 applications for UASL licenses  
reached DOT

# Unified Access Service License (UASL)

- September 2007 : Applications invited for new licenses
- 575 applications flooded in government office
- February & March 2008 : 120 New Licenses granted by the DOT

# New Licenses

Name	Circle
Datacom Solutions Pvt. Ltd.	Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Haryana, H.P. Jammu & Kashmir, Karnatka, Kerala, Madhya Pradesh, Maharashtra, Mumbai, North East, Orissa, Rajasthan, Tamilnadu (including Chennai, Uttar Pradesh (East), Uttar Pradesh (West), West Bengal, Kolkata
Aska Projects Ltd	Andhra Pradesh, Karnataka, Kerala
Swan Telecom Pvt. Ltd.	Andhra Pradesh, Delhi, Gujarat, Haryana, Kerala, Maharashtra, Mumbai, Punjab, Rajasthan, Tamilnadu (including Chennai, Uttar Pradesh (East), Uttar Pradesh (West)
Loop Telecom Private Ltd.	Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Haryana, H.P. Jammu & Kashmir, Karnataka, Kerala, Kolkata, Madhya Pradesh, Maharashtra, North East, Uttar Pradesh (West) Orissa, Punjab, Rajasthan, Tamilnadu (including Chennai), Uttar Pradesh (East), West Bengal
Nahan Properties Pvt. Ltd.	Assam, Bihar, North East, Orissa, Uttar Pradesh (East), West Bengal
S Tel Ltd.	Assam, Bihar, H.P. Jammu & Kashmir, North East, Idea, Orissa
Hudson Properties Ltd.	Delhi
Volga Properties Pvt Ltd.	Gujarat, Madhya Pradesh, Maharashtra
Adonis Projects Pvt. Ltd.	Haryana, H.P. Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh (West)
Azare Properties Ltd	Kolkata
	Madhya Pradesh
Unitech Infrastructures Pvt. Ltd.	Mumbai
Unitech Builders & Estates Pvt. Ltd.	Tamilnadu (including Chennai

# New ILD & NLD Players

<b>National Players</b>	<b>International Players</b>
IDEA (NLD only)	AT&T
Spice Telecom	British Telecom
Tulip	Verizon
Aircel	Cable & Wireless
MTNL	

- Government targets for 500 million mobile subscribers by 2010. We have beaten previous set deadlines and with current growth this also seems to be achievable.
- We wish good luck to all the Government bodies, companies and people associated with telecom sector.
- We hope through this report we were able to provide you some valuable information.
- We will come with third edition next year on same date again.
- If you have some suggestions for us please write to us. We will welcome your feedback.
- Write to us at [info@telecomindiaonline.com](mailto:info@telecomindiaonline.com)

**Thanks !**  
*TID Team*

