

## THE EFFECT OF RELIANCE JIO ON TELECOM INDUSTRY AND ON CONSUMERS

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Ms. Mansi Shah\*

### ABSTRACT

*In the world of intense rivalry among all the telecommunications industry, too, does not hesitate to remain just behind. With the conviction that the customer is the king, each and every telecommunication companies in India is prepared to go to the depths and cross lines so they can be the single brand which will be preferred by clients while selecting a network. One searches for a network which have different variables, such as the reach of the network, call rates, and not to forget, but the value-added internet plan provided as well as utilities. Satisfying customers in each aspect of this, the task is not easy. Centered on the assessment of the literature I want to address into consideration. The research paper's problem is "The Impact on The Consumers and the telecommunications industry after the introduction of The Dependency on reliance Jio." The issue focuses largely on how telecommunications are treated before and after Jio. Industry was what people believe and what Understanding Dependence Jio and what the obstacles are. Competitors were faced with Jio's introduction. On the basis of Research problem, these are some of the goals of my research Study, analysis, 1) To explore the effect of Reliance Jio on telecoms Industry, the shift in sector composition, Market share changes and the reforms that have been conducted are introduced 2) Identify the impact of Jio on ordinary individuals and the actions of customers. To describe the company strategy pursued by Jio and Their Rivals. It recommended that we Consumers should try to migrate to Jio, with its very small Monthly plans and enormous value-added services are available, which Competitors are also unable to achieve, contributing to the achievement About Jio in India.*

**KEYWORDS:** *Reliance Jio, Telecom Industry, Internet, Network.*

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### Introduction

The field of telecommunications within the Information and Communication Technology field is both telecommunication companies and the Internet are composed of providers of resources and play a key role in the evolution of mobile communications and a society of knowledge. It development, creativity and innovation continue to be at the epicentre,

For almost every business, disruption. The telecommunications sector is one of the world's fastest growing sectors and has enormous ability to directly or indirectly serve individuals. Research on insights projected that telecommunications revenue from services worldwide would increase from \$2.2 trillion in 2015 to 2.4 trillion dollars in 2019.

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\* Lecturer, K R Doshi Group of Colleges, Bhavnagar, Gujarat, India.  
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### Indian Telecommunications Industry

India is actually the second-largest in the world. A demand for telecommunications with a customer base of 1.19 Billion and has experienced solid growth over the past decade, Half and half. India's mobile economy is increasingly growing. And would positively contribute to India's GDP according to A report by the GSM Group. Over the last few years, exponential growth has been mainly driven by Affordable tariffs, broader availability, smartphone roll-out Portability of numbers, expansion of 3G and 4G coverage, Evolving trends of subscriber use and a Regulatory climate conducive. The Industry of Telecommunications is divided into Subsectors: The following

- Infrastructure
- Equipment
- Mobile Virtual Network Operators (MNVO)
- White Space Spectrum
- 5G
- Providers of telecom services
- Broadband

### Major Changes in Telecom Industry in Recent Times

India became the nation during the 1st quarter of 2021 the world's fastest-growing mobile market Applications.

- Bharti Airtel is planning to launch 6000 new sites and optical fibre 2000km in Gujarat.
- BSNL is scheduled to introduce its program for 5G by the end of 2020.
- Vodafone India has merged with IDEA and became "vi", India's largest telecommunication company.

### Launching of Reliance Jio in India

Reliance Jio, led by Mukesh Ambani, introduced its Services and altered the dynamics on September 5, 2016 Fully from the field. Triggering price wars to low levels Jio has offered many alternatives for the cost of 4G handsets to its Customers, creating a neck and neck competition between the different companies.

Since entering in the telecommunications industry, Jio has been Records its establishment and now another study by the Institute of Competitiveness has argued that the launch of Jio in India has Helped the nation to save about Rs60000 crore, Every year. It was also stated in the study that within 6 months Reliance Jio has made India the largest smartphone consumer. In the world, data. Jio, according to the report, will assist India's GDP per capita is expanding by about 5.65 percent, maintaining Other items remain stable in the economy.

### Scenario of Telecom Sector after Jio's Entry

- **Very Low-Cost Data**

Data prior to the entry of Jio It was really costly, and customers had to spend out for 1 GB of data, out of large amounts. Launching of Jio Offered free data to high-speed customers and even after the charging plans were released and There was a very low tariff and then other operators had to Eventually, follow new plans and bring them out.

- **Free Audio and Video Calls**

Voice calls have become such a big problem. Before Jio, income producer, but became free when it introduced its services. Jio argues that its network actually carries 250 crore minutes of calls a day.

- **Increase in Online Content**

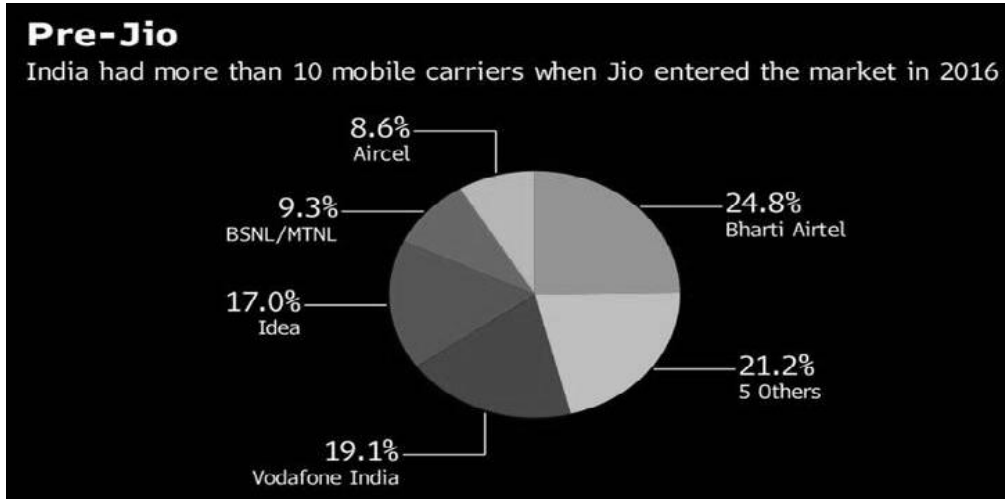
India's Seeing an exponential increase in consumption Online content with free data availability. Jio Declarations that India's consumption has increased from 20 Crore GB data at 120 crore Gb in 6 months after that They launch of their services.

- **A Record in User Acquisition**

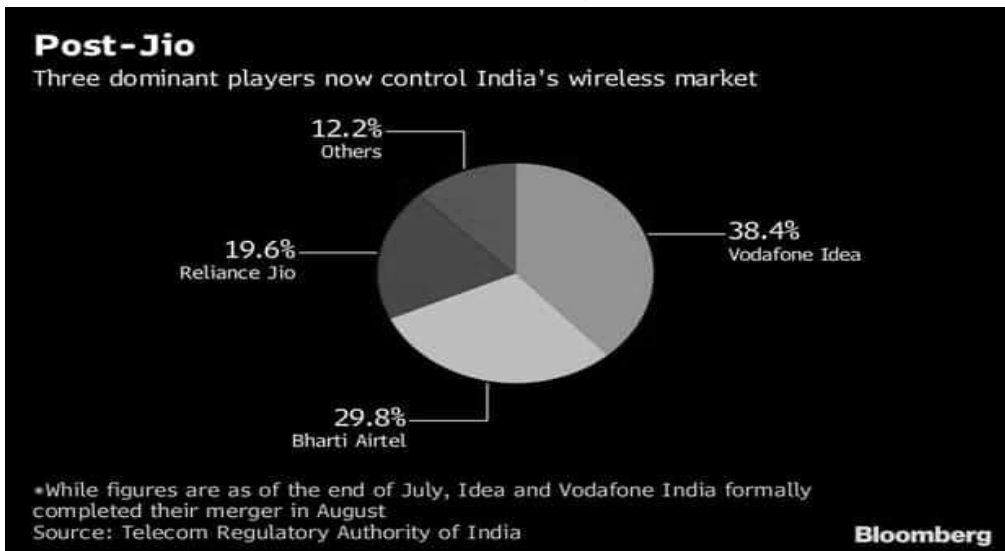
Jio claimed to be the first Telecom Network has gained 100 million users. in Less than 6 months of operation. It also said, this growth was faster than Facebook and what's app.

- **Improved Online Data Availability**

TRAI defines broadband speeds as anything above 512kbps or above. With free internet millions of people got access to high speed 4G services and Jio became the country's biggest provider of broadband internet and mobile internet.



Source: Bloomberg



### Review of Literature

- **Effect of Jio on Indian Telecom Industry Landscape, Arpit Srivastava**

The paper analyzed the Jio Implementation in the Telecom industry and how Jio has been implemented with the launch of the current landscape in the country has been disturbed. It's learning the impacts that the industry faces, such as how revenues are produced Current voice and data plans have been shattered and have Margins are narrowing and decreasing, going down the drain, and how the businesses that have been in this field for Decades of bleeding with pilling of the license fee the complete volume of bleeding the use of data in the country has also increased. The studies also discuss the subject of the launch of smartphones labeled as „LYF “by Jio SMARTPHONES, which is a low-cost 4G phone feature, For the country's rural class. A critical question, however, currently unanswered, when Jio Break will even break Considering the investment of 20,000 Crore it has made for The Biggest Revolution for India that it has ever had Scene.

- **Satyanarayana, Dr K Sambasiva Rao and Dr S Krishnamurthy Naidu, The impact of Reliance Jio on Indian mobile industry, A case study on mergers and acquisitions of idea Vodafone and Airtel – Telenor**

The aim of the paper is to investigate the New Entrant R-effect Jio's on competitive strategies Industry rivals and to evaluate the big shifts in The Indian telecommunication industry. One of India's mobile industries is the world's fastest growing industry. Indians are Indians Used within a small period of a moment to hit mobiles. In order to improve themselves in the field, Airtel and Idea Acquisition of both Telenor and Vodafone. The Effects This new entrant affects the mobile equilibrium. Industry and makes it vulnerable for rivals to resort to Indian mobile network mergers and acquisitions The Vendors. Since exit barriers in the industry are present, they're unable to get out of the business. The big giants in the area Industry viz, Airtel and Idea reacting strategically in the same way. In the business, to improve themselves, Airtel and Idea to buy Vodafone and Telenor respectively, respectively.

- **Oxford Analitica Ltd, India**

The entry of Reliance Jio in September has shaken the telecoms industry in India. The telecoms market faces a huge shakeout. As the announcements made by Jio prompted the market to respond in a negative way, many of the leading suppliers such as Airtel, Vodafone, and Idea Cellular faced an immediate decrease in their market prices and so the investors predicted that the profit margins would decrease due to new competition. The fear of market disruption was fuelled by the decision of Reliance Jio to provide early subscribers with free voice calling for life and free data service. This approach worked for them and, in the first month, they attracted millions of clients.

#### **Primary Objective of this Research Study**

- To research the effect of Dependence Jio on the telecommunications sector, the change in industry structure, the change in market share, and the reforms undertaken.
- To study the impact of Jio on ordinary people and consumer behaviour.

#### **Secondary Objective of this Research Study**

- To describe the business plan that Jio has adopted.
- Identify the different tactics that rivals have embraced, the elimination of firms and the actions taken by competitors.

#### **Research Methodology**

This is descriptive research analysis and is carried upon by the use of secondary data. Although some goals require me to review and research different published papers, findings and case studies to study the effect of Jio on the telecom industry, which would not have been possible due to time and resource constraints through surveys.

#### **Factors that Affecting to Telecom Industry**

- **Call Rates**

It is an undisputed fact that service suppliers are forced to compete in a competitive market such as India in terms of both price and quality of service. Offering a high quality of service, broad network coverage is important to achieve a competitive advantage at an attractive and affordable rate.

- **Network Coverage Quality**

The degree to which a telecommunications service provider delivers its network signals across the nation is Network Coverage. The key causes that affect the quality of service and influence the customer's switching choices between competitors are the lack of sufficient network coverage and power. In all corners of the world, the provision of a clear consistent and non-fluctuating signal results in consumer satisfaction that contributes to customer loyalty.

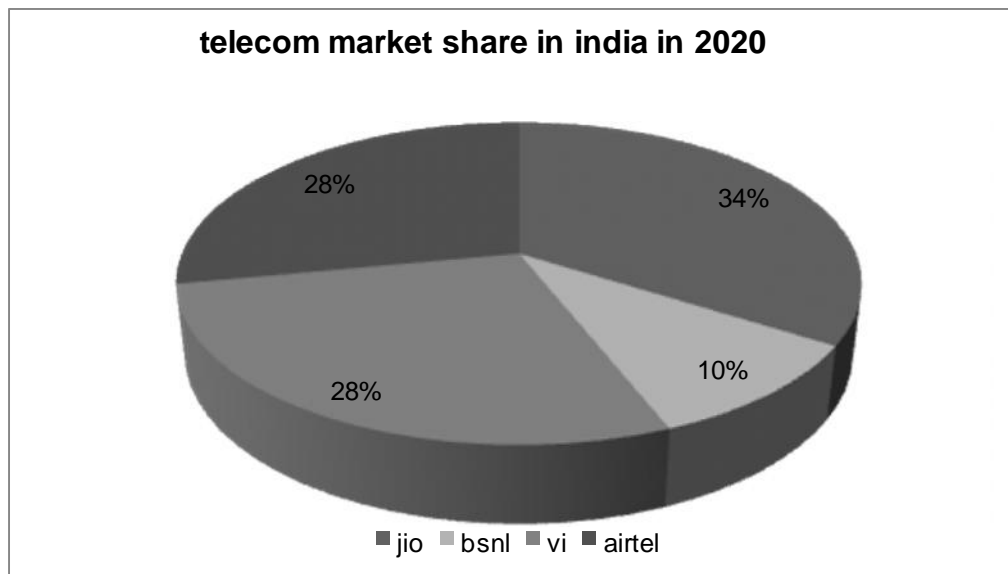
- **Customer Care and Service Quality**

Customer service covers all the customers provided directly or indirectly by the support network providers before, during and after purchase. Companies exploit customer loyalty by retaining current clients and attracting new ones to achieve a competitive edge. Fast complaint resolution, customer care staff friendliness and ease of access to customer care facilities have a significant impact on the preference of service provider for a subscriber. The quality of service has a verifiable effect on corporate efficiency, customer satisfaction and loyalty to customers. A telecom operator's ability to generate and retain a competitive advantage depends on the high level of quality of service offered by the service provider.

- **Lack of Resources**

All weather roads and electricity connections are still not available in many villages across India and hence the service providers cannot really penetrate these areas. Even though India has a population of about 1.3 billion people, the network providers have not been able to reach many of them due to lack of infrastructure and awareness.

Operators	Subscribers in millions	Market share in mar,2020
<b>Jio</b>	387.5	34
<b>Bsnl</b>	327.8	10
<b>Vi</b>	319.1	28
<b>Airtel</b>	119.7	28
<b>total</b>	1154.1	100



#### Interpretation of Data

- With a 33.6 percent subscriber market share and 387.5 million users, Reliance JIO (owned by Mr. Mukesh Ambani) is the largest telecoms business.
- With a 28.4% market share and 327 million subscribers, Bharti Airtel, owned by Mr. Sunil Bharti Mittal, is India's second largest telecommunications company.
- With 319.1 million subscribers, Vodafone-idea is the third largest telecom company in India and has a 27.6 percent market share of telecom subscribers. Vodafone-Idea is doing poorly and, in the absence of government relief, is on the verge of collapsing

#### Strategies Applied by Competitors

- The average user of Jio tends to spend 386 rupees per month, while the user of Airtel tends to spend an average of 500 per month and the user of Vodafone-Idea spends 444 per month, with Jio being the cheapest.
- Consumers should try and experience the Mega fish on the market, which is Jio, with greater network coverage and Internet packages, at cheap rates.
- Companies saw a decrease in their sales to levels as low as -300 percent per year with the introduction of Jio.

#### Impact on Consumers

After the entry of Reliance Jio, customers have been the absolute winners with tariff rates reaching rock bottom and multi-fold rising data usage.

**Effect of Reliance Jio on Public or Consumers**

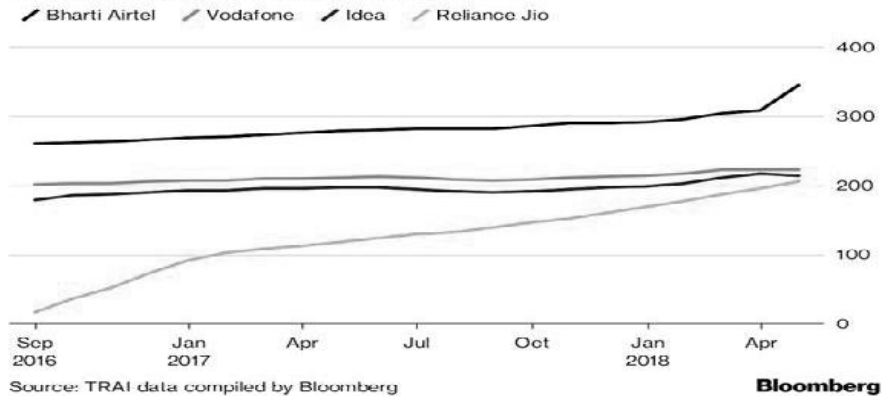
It has been more than 2 years since Jio introduced its services, and customers have been absolute winners with tariffs reaching rock bottom and multi-fold increased data usage. Even the most optimistic calculation indicates that the annual savings for consumers will be at the tune of \$10 billion due to Jio’s entry.

Their services were free for all users when Jio was launched. This included unlimited content, free calls, videos, Jio Apps and Wi-Fi. India has gone through a telecom boom in the past two years, and other network operators have also begun providing mobile data carry-over, opening the market to the overwhelming majority of new internet users.

Even as Jio was preparing for launch, a largely untapped market had to be served. A handful of businesses offered websites and applications in the local language, and while the aim was there, the drive was lacking. According to Google, 536 million Internet users in local Indian languages will be connected to the internet by 2021 by Post Jio.

**Speedy Climb**

Reliance Jio has amassed more than 200 million users since September 2016, faster than many market watchers had predicted



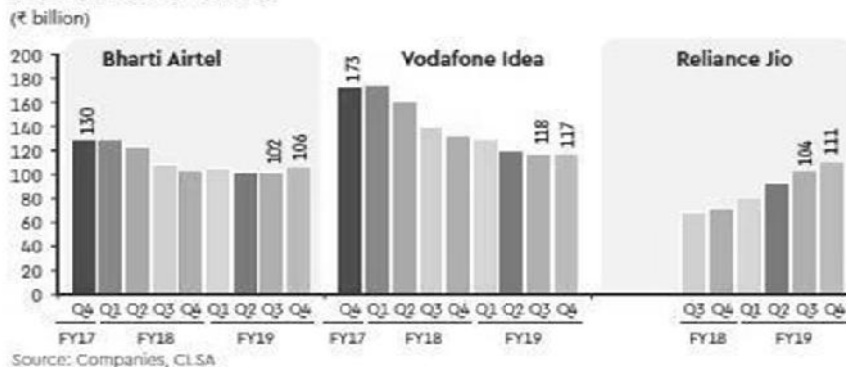
As of June 2018, Reliance Jio held a 42.02% share of the Internet user base with 212.25 million users. It is estimated that this number will exceed 400 million by 2020. Over 1.2 billion GB of data a month is used by its customers, 80 percent of all data consumed in the world.

Currently, by launching low-cost 4G feature phones, Jio is more worried about tapping the segment that can not afford smartphones, and if these take off, Jio will gain another 150-200 million customers.

Undoubtedly, Jio has delivered millions of smiles to customers facing free and unprecedented data deals, but has left the competition to reconsider their strategies at the same stages.

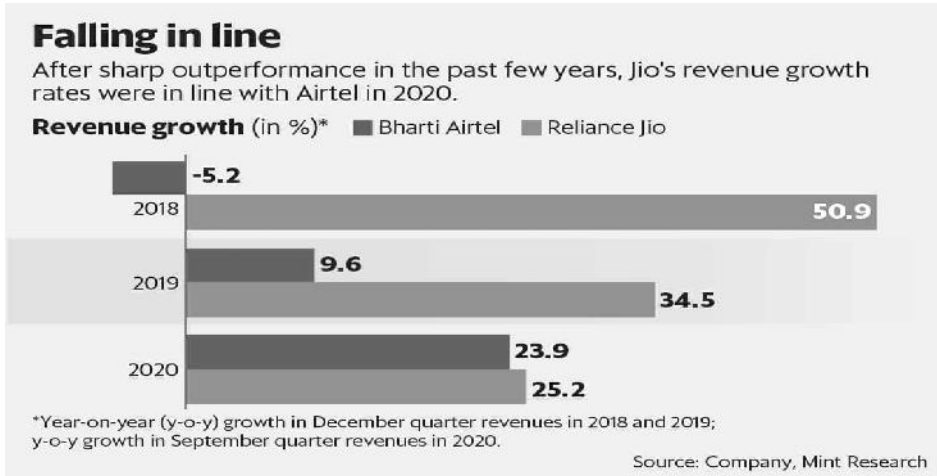
**Effect on Different Companies**

**Trend in revenues**



This image provides information about trends in revenues of different companies in india. Here I have taken the data related to 3 different companies namely bhartiairtel,Vodafone(now vi) and reliance jio. Here we can see that reliance jio is keep on increasing while with the entry of reliance jio others are keep on decreasing in their revenue. Here other companies have to suffer huge losses due to jio,who is constantly increasing their market share by providing quality service at low prices.

**Airtel**

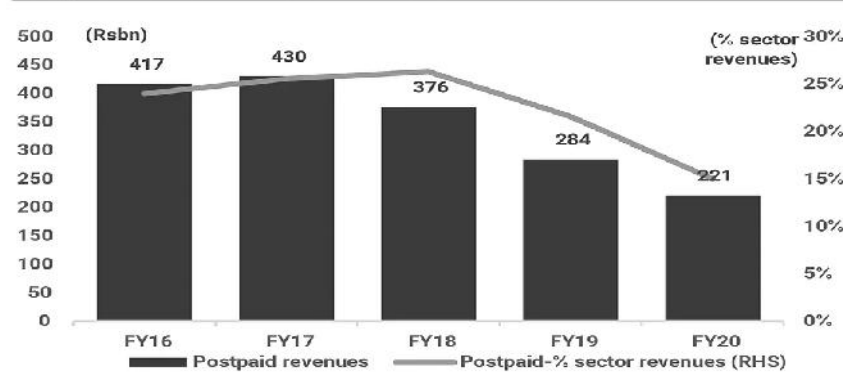


- As it turns out, however, the revenue growth rate of Jio so far this year has only matched the growth recorded by the wireless company of Bharti Airtel Ltd in India. In comparison with the quarterly sales run rate in the December 2019 period, Jio's September quarter revenues were 25.2 percent higher. The growth of Airtel in the wireless segment of India was 23.9 percent .
- Analysts say, however, that Jio's revenues include an incremental contribution of about ~200 crore from the fixed broadband market, where this year the company began charging subscribers. In addition, in the past six months, the ban on international travel has hit Airtel's roaming revenues. Adjusted for these, growth rates for Airtel are a tad higher compared to Jio in 2020.
- Airtel shares are in a rut despite the outperformance, giving up much of their gains from the powerful pre-covid rally. Investors are concerned about the consequences of rivalry with a cash-rich Jio, as pointed out in this column. As the 2020 results shows, however, Airtel is competing reasonably well.

**VI**

### Postpaid Segment Revenue Trend

Postpaid market size has halved over FY16-20



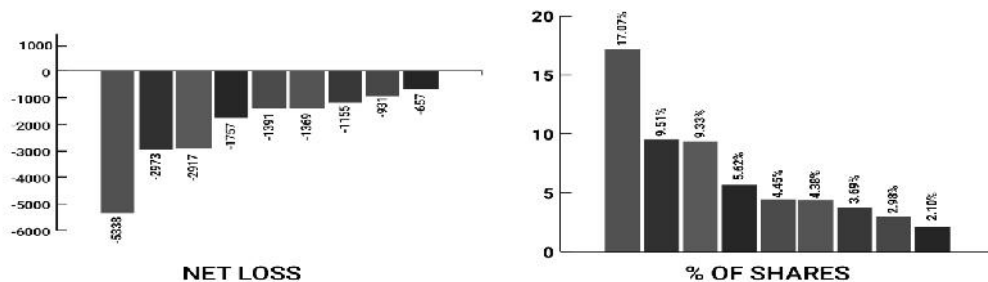
Source: Jefferies

Bloomberg | Quint

Because of high infrastructure costs and a high debt burden, the leading players in the industry were already facing financial difficulties, facing further problems when they began losing customers to Jio. The telecom operators went into consolidation mode to meet this assault by Jio, purchasing spectrum, small players, infrastructure etc.

The non-corporate segment's response will be significant, according to this I can say that as more than two-thirds of the postpaid category is powered by corporate connections in India. The offering of Matching Reliance Jio would result in extra annual costs for Bharti Airtel and Vodafone Concept. However, the effect on the Vodafone concept may be important as it would have to adjust the weather by increasing prices.

### BSNL



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### Not Updated Services

- BSNL has not been granted a 4G spectrum until today, despite being one of the largest service providers in the world. The government receives revenue primarily in the form of SUC (Spectrum Use Charges) and licence fees from the telecommunications industry. Because private telecommunications companies benefit more from the 4G spectrum, they are able to contribute to higher revenue generation. The government is preparing to help BSNL with the latest 4G spectrum while other telecom service providers target 5G.

### Lack of Professionalism

- Both BSNL and BSNL were asked to demonstrate the delay in the second slot of the BharatNet project, which has already exceeded the assigned deadline. Less than half of the distribution of the network was finished. Over the years, such delays have been widespread, and there is a rampant lack of teamwork.

### Conclusion

Jio has already revealed his future plans to build massive libraries of 10 million albums, 6,000 movies, 60,000 video songs, 1 lakh episodes of more than 10 language TV shows. We can derive that with each and every Jio customer getting access to 4G data with as little as 50 per month in the coming days there can be huge investment in technology-driven sectors and entertainment sector and hence Jio is now unstoppable. It is a bull that has now been set free to sell whatever it wants at the lowest price in the industry. From all the observations and analysis, we conclude that the economic structure of the market is still the same after the launch of Jio, but that the level of competition has increased unexpectedly.

If Jio continues at this pace, India's telecommunications market will be fully redefined and a new Post Jio period will be created in the industry where anything and everything is possible.

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