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## Telecommunications Sector Analysis

### 1. Telecommunications Sector Definition

The telecommunications sector is comprised of equipment, systems and service suppliers. Telecom equipment and systems include:

- telecom switching equipment;
- telecom transmission equipment;
- satellite telecom systems;
- microwave telecom systems;
- radiopaging systems;
- receive-end telephone systems;
- cellular phone systems.

Telecom services include basic telephony and value-added services, as well as specialized applications such as electronic transactional services.

### 2. Indian Telecommunications Market

#### *Market Evolution and Trends*

The Government of India (GOI) has accorded top priority to the expansion of its telecommunications sector. Its earlier development was based on imported technologies and generally did not keep pace with the rest of the world. This was compounded by international suppliers offering old generation technology; inadequate investments in infrastructure; and India's lack of expertise in the effective implementation of new projects.

In 1981, the government introduced digital switching and transmission and in the early 1980's, India entered the optical fibre field. The Centre for Development of Telematics (C-DOT) was established in 1984 to develop indigenous equipment for large digital main and rural digital automatic telephone exchanges. To promote the growth of this sector, the Department of Telecommunications (DoT) was established in 1986. Mobile telephones and paging services were started in 1987 and cellular telephones were introduced later in metropolitan cities on an experimental basis. To provide policy direction, the Telecom Commission was set up in May 1989.

Since 1991, under the program of economic liberalization and reform, the Indian government has taken several new initiatives to expand and modernize the telecommunication network in India. For example, in a major policy change the government opened up the cellular telephone and paging sectors to private sector operators. Other reforms include automatic approval for up to 51 percent foreign participation in new equipment manufacturing ventures.