



# IMPACT OF RELIANCE JIO ON TELECOM INDUSTRY IN INDIA

Ameen Nisha

Research Scholar, Saveetha school of law, Saveetha university, Chennai

*ameen1561999@gmail.com*

**Abstract--**India is currently the world's second-largest telecommunications market with a subscriber base of 1.05 billion and has registered strong growth in the past decade and half. It is also the second largest country in terms of internet subscribers. The country is now the world's second largest smartphone market and will have almost one billion unique mobile subscribers by 2020. This research paper deals with the impact of Reliance Jio on telecom industry in India and to shortly describe the market of telecom industry in India in introduction. And also to study about the advantages and disadvantages of Reliance Jio for customers.

## INTRODUCTION

India's telecommunications market is expected to experience further growth, fuelled by increased non-voice revenues and higher penetration in rural market. Telecom penetration in the nation's rural market is expected to increase to 70 per cent by 2017. The emergence of an affluent middle class is triggering demand for the mobile and internet segments.

Indian telecom Industry, largest growing industry, has massive potential to serve people and improving day by day. With awareness in young generation about this sector, the public demand is all time high and still increasing. With upgradation in technology and demand all major services providers from across the world entered in this sector.

## OBJECTIVE

1. To examine the impact of Reliance Jio on telecom industry in India.
2. To analyse the advantages and disadvantages for customers.

## ABOUT RELIANCE JIO

Reliance JioInfocomm Limited announced the launch of its digital services with JIO in Mumbai on 1st September 2016 with Jio Welcome Offer. With the permission of Telecom Regulatory Authority of India, users will have access to unlimited LTE data and national voice, video, messaging services, Jio applications and content, free of cost up to 31 December 2016.

## RELIANCE JIO VISION

- ✓ To be our clients' 'first call' and preferred collaboration partner within our business areas
- ✓ To consistently exceed our clients' expectations for professional and value-adding advice
- ✓ Our objective is long-standing and trustful client relationships created via excellent advice and service

## VALUES

We are governed by our fundamental values:

- ❖ **Quality:** We do not compromise – we have a passion for the best quality
- ❖ **Innovation:** We are innovative and wish to enthuse our clients

## IMPACT OF RELIANCE JIO ON TELECOM INDUSTRY

Reliance Jio disturb the telecom industry with its free services, and kept the pressure on competitors by announcing lower data plans and free voice calls and roaming starting on 1 April 2017. The share market also pays for its aggressive entry in telecom sector and RIL has jumped 13% in a week.



Reliance Jio has crossed 10 crore subscribers. Now question is that how many subscribers will convert in to paying consumers? Many analysts say the number would be 50%. Reliance Jio's average revenue per user would be high than competitors around Rs150. Company expecting average revenue per user is Rs227 in 2018-19 with more than 50% subscribers will opt Rs303 plan, while other on Rs149 plan.

At an average revenue per user Rs227 company will need 11.1 crore consumer to reach breakeven point. But if company further reduces prices due to competition, it will need more consumers to reach breakeven point.

If 50% of company's subscribers remain stick to Jio, it will create serious repercussions for competitors. On other hand jio consumers who has also attach to other companies would reduce usage, as the result other companies would face decrees in average revenue per user.

Aggressive ad campaign of reliance Jio may also affect the industry's scenario. It will difficult for other player to grow their consumer base and it will lead to high promotional expenses.

Other important challenge is drop in pricing power of telecom companies. Because of aggressive pricing of Jio, other companies have no choice to reduce their prices. If other players fail to match the Jio's offer, their market share will go down and if they reduce rates, revenue will decree.

It is for the first time since 2008-09 that the annual revenue of Indian telecom companies turns down to Rs 1.88 trillion in 2016-17 and will decline more to Rs 1.84 trillion in 2017-18. The annual revenue is probable recover to Rs1.87 trillion in 2018-19.

Reliance Jio's extreme capitalism strategy, reflected in large capital deployment, has a massive effect on the industry. This is forcing number 2 player (Vodafone) and number 3 (Idea) to consider a merger. Possibly company is trying an acute endgame to become a super- dominant player in telecom industry.

Indian telecom sector is going through a change in completion, before there is competition regarding cheaper rates of voice calls and rooming but now the struggle is shifted over data packs, fastest speed, latest technology and cheaper rates.

The telecom industry directly employed 2.2 million people. New circumstances could lead to 30% job losses innext 12 to18 months due to automation of teleservices to cut costs.

#### ADVANTAGES OF JIOFOR CUSTOMERS

##### ❖ LTE-only Network:

Reliance Jio is the India's first LTE-only network, which means that users don't have to worry about the network dropping to 2G or 3G. Other telecoms are now pushing hard for their 4G services and at times Airtel also drops to 3G or 2G when there is no network coverage, which is a bit of underwhelming.

##### ❖ VoLTE Calls:

At the launch time, Mukesh Ambani said that users have to pay only for data, which means that voice calls are made through a feature called Voice Over LTE (VoLTE). The feature is relatively new in the country, but it promises excellent audio quality which will be far better than our normal voice calls. However, your smartphone should have support for VoLTE and normal 4G LTE phones are not eligible for voice calls and your mobile data should be turned on all the time to make voice calls.

##### ❖ No Charges for SMS and Calls:

As said earlier, voice calls with the service are absolutely free and coming to the SMS, the network also offers some free SMS with all their packs. However, you can only use a maximum of 100 SMS as per the TRAI rules. One of the biggest advantage over its rivals. Reliance Jio offers free roaming national wide. All you need to do is just pay for data.

##### ❖ Wi-Fi Data Plans:

The tariff plans of the service also include Jio's Wi-Fi data plans with which users get some amount of data and they use that data to connect through some Wi-Fi hotspots provided by the company.

##### ❖ National Wide Free Roaming:

One of the biggest advantage over its rivals. Reliance Jio offers freeroaming national wide. All you need to do is just pay for data.



#### DISADVANTAGE OF JIO FOR CUSTOMERS

- ❖ There is no pack of Rs. 50/GB:  
Reliance officially did not unveil any of the data pack which offers Rs. 50/GB. Instead, the company said that the normal data charges cost 1MB per 5 paise, which further dubs to Rs. 50/GB. That said, voice calls won't be free when you don't recharge the phone with a tariff plan.
- ❖ Unlimited Night Data has a catch:  
As Reliance is offering unlimited night data with all its tariff plans, here comes the main catch. Night data will only be limited from 2AM to 5AM, which is a bit of a let down as other telecom services offer night data from 11PM to 7AM.
- ❖ No calls for non-VoLTE phones:  
Another disadvantage is that a user with 4G LTE enabled smartphone can able to use the Jio SIM card, however, he won't be able to make any voice calls. That said, Reliance has a solution for that and asks every user to download their Jio4GVoice app for not-interrupted voice calls
- ❖ Welcome offer comes with data cap:  
As we all know that the Preview offer is now called as Welcome offer which is applicable for all users until December 31, 2016. But, unlike the preview offer, the welcome offer comes with a daily data cap of 4GB.
- ❖ No voice calls if you don't refill:  
As said earlier, the voice calls on the Reliance Jio is truly free, but you need to refill with a data pack to make voice calls.

#### CONCLUSION

Reliance Jio has played a big role in market of telecom industries for the past year till now. Their marketing intelligence is very attractive for customers. The main objective of Reliance Jio is increasing their consumer base by providing high speed internet at nominal rates. The company would have generated a significant market share in next 3-5 years. In end reliance Jio has successfully hit the target market and has deep pockets to invest but has threat to competition and technology.

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