



ICRA

A MOODY'S INVESTORS  
SERVICE COMPANY

# INDIAN TELECOM SECTOR

## Monthly Update

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**JULY 2021**

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## OVERVIEW

- Moderation in gross subscriber base addition in April 2021:** After progressively increasing additions in the first quarter of 2021, there has been some moderation in the subscriber base addition in April 2021, partly attributable to the second wave of the pandemic. The total telecom subscriber base stood at 1,203.5 million as on April 30, 2021, registering a 2.9% YoY and muted 0.2% MoM growth. This was primarily driven by growth in the wireless subscriber base, which grew to 1,183.1 million, adding 2.2 million subscribers in April 2021, against 13.2 million in March 2021 and average of 9.0 million over the first quarter of 2021.
- BAL leads the active subscriber market share; however, RJIL inching closer:** The active wireless subscriber base grew to 997.3 million in April 2021, witnessing a net addition of 3.5 million active subscribers, lower than the addition in March 2021, but in line with the addition in January and February 2021. In active subscribers, Reliance Jio Infocom Limited (RJIL) led the way with 3.5 million additions, followed by Bharti Airtel Limited (BAL) with 2.6 million additions, while Vodafone Idea Limited (VIL) reported a net active subscriber loss of 2.1 million in April 2021.
- Wireline segment has demonstrated marginal yet steady growth in recent month:** Wireline subscriber base has witnessed spouts of marginal decline/growth in recent quarters. However, since January 2021, the wireline subscriber base has witnessed a marginal, yet steady growth. While BSNL continues to be the market leader in the wireline segment, its subscriber base has been consistently falling and RJIL and BAL have been steadily gaining market share. The overall wireline subscriber base largely remained stagnated, despite the push to the wireline broadband segment due to the pandemic.
- Healthy growth in broadband subscriber base:** As on April 30, 2021, the total broadband subscriber base increased to 782.9 million from 778.1 million as of March 2021, translating into 16% YoY and 0.6% MoM growth. While much of the growth is coming from the wireless segment, wireline is also witnessing some increase. RJIL remains the market leader in the wireless broadband segment, while BSNL/MTNL are the leaders in the wireline broadband segment.
- Tariff hikes still have to wait:** The much-awaited tariff hikes have still not been announced, thereby prolonging the recovery of the sector further. While there has been a steady improvement in ARPU because of the earlier tariff hikes and upgradation of subscribers from 2G to 4G, tariff hikes would be critical for the fundamental improvement of the health of the sector.



## ABOUT ICRA

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange.

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The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder. The participation of Moody's is supported by a Technical Services Agreement, which entails Moody's providing certain high-value technical services to ICRA. Specifically, the agreement is aimed at benefiting ICRA's in-house research capabilities, and providing it with access to Moody's global research base. The agreement also envisages Moody's conducting regular training and business seminars for ICRA analysts on various subjects to help them better understand and manage concepts and issues relating to the development of the capital markets in India. Besides this formal training programme, the agreement provides for Moody's advising ICRA on Rating-products strategy, and the Ratings business in general.

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- Enhance the ability of borrowers/issuers to access the money market and the capital market for tapping a larger volume of resources from a wider range of the investing public;
- Assist the regulators in promoting transparency in the financial markets;
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

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