

Picking Up Pace

With 17% growth in the ILD space in India, it is clear that the Indian telecom sector is set on putting the world in consumers' hands



In FY 2009-10, ILD has seen a steady growth of nearly 17% with the total revenues for FY 2009-10 reaching Rs 17,600 crore. A booming subscriber base which is close to 600 mn, and an early emergence from the global downturn have led to several investments in the submarine cables as well as new players entering the ILD space, and cheaper calling rates from all operators due to the competitiveness of the Indian market with its fifteen operators now. From the wholesale voice perspective, there has been a substantial growth in terms of inbound traffic into India with falling rates. Popularity of VoIP has also propelled the growth, with most operators aiming to switch over to a single IP network.

Regulations and Challenges

Players are asking for some control on the Internet based service providers operating from outside the country who have an advantage over Indian operators as they do not have to pay the AGR prescribed by the government. The continued drop in termination rates—from

40 paise last year to 50 paise this year—along with the dollar rate dipping has been a major challenge for players like Sify.

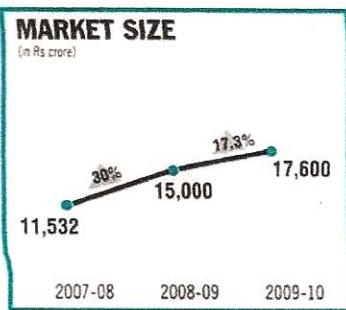
New Players

Pacnet India, which got licenses for NLD and ILD this year, announced in December 2009 its plans to build West Asia Crossing (WAC)—a new submarine cable network that will provide direct

connectivity between India and Asia, and help India meet its growing requirements for international bandwidth. The license will also help the company in establishing an international gateway in Chennai, which is an integral part of its India strategy.

This year, REVE Systems—a leader in the IP telephony and VoIP space—also tied up with a leading Internet telephony service provider (ITSP) in India to deliver its iTel Mobile Dialer—a mobile VoIP applications platform, providing cheaper international voice calls to Indian mobile subscribers.

SingTel which forayed into the ILD space last year, also came under heat in January, with DoT asking Bharti Airtel and Tata Communications—who had signed ILD contracts with the Singapore telecom firm—to terminate the same on



V&D estimates

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