



LATEST BLOG  
***Fast 5G networks will require flashy clouds***  
 BY RAJENDER BHANDARI

[#Industry](#) » [#Vodafone](#) [#Sunil Mittal](#) [#Reliance Jio](#) [#Interviews](#) [#interview](#) [#Bharti Airtel](#)

# 4 private telcos to survive in two years: Sunil Mittal

*Bharti Airtel Chairman Sunil Mittal expects that in in two years, only four operators will survive after the ongoing bout of consolidation.*

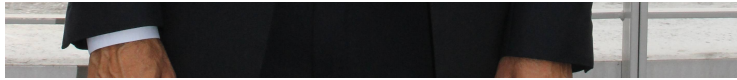
ET Bureau | Jun 30, 2016, 08.30 AM IST



India's highly competitive telecom industry will face "massive erosion of tariffs" with the entry of Mukesh Ambani-owned Reliance Jio Infocomm, though ongoing consolidation in the market may help improve financials in around two years, Bharti Airtel Chairman Sunil Mittal said in Paris. He expects that in in two years, only four operators will survive after the ongoing bout of consolidation. Edited excerpts:

**Q) Consolidation seems to be underway in India's telecom industry. Your comments.**

A) Finally that (consolidation) has happened to a large extent. We had 12 players in this market and that led to fragmentation of spectrum. Now Videocon is out, Aircel has sold their BWA spectrum to us and



has merged with Rcom, MTS has merged with Rcom. Of course, there is Reliance Jio which is going

to add to the pressure in the market. So, other than BSNL/MTNL we should see four operators and that would be an orderly market structure. Those who are not investing in 4G spectrum will have it very difficult in future times.

**Q) Do you think the regulatory issues plaguing the telecom sector are finally getting resolved?**

A) The regulatory pieces right from internet telephony, net neutrality, differential pricing are hotly debated. I hope these are sorted out in a manner which takes care of all stakeholders - the customers, industry, government revenues. SUC (spectrum usage charge) will come back to the Trai. Personally I think a uniform (SUC) charge is the best. Policies which promoted arbitrage are over.

**Q) Do you agree with the government's argument that the industry isn't investing enough?**

A) Industry needs to invest and must invest and the government must see it as one of its responsibilities that the industry invests enough. Currently, the telecom industry's health is borderline. Even Airtel's return on capital employed is in single digits, at 9%. Others will be experiencing much lower or even negative. You put it in the bank and you will get 8%. You must get close to 20-22% that will be the right level of return on capital. Globally operators get that much. Finally, there has to be enough money which is available to telcos so that they may invest.

**Q) But government says telcos have healthy Ebidta margins?**

A) There are some sections in the government which believe that the industry makes a lot of money. The problem is they only see the Ebidta numbers, they do not see the return on capital employed (RoCE). How much money are you putting in to get that investment? Rs 1,60,000 crores to get that Rs 16,000 crores back? That context nobody sees. Investors only see the return on the capital employed. Secondly, it is not like a fertiliser or a refinery or a steel plant where you put in five billion dollars and then there is only maintenance capital. Here, you keep needing two-three billion (dollars) each year. This is a very high capital business - 2G goes away 3G comes in, 3G goes away and 4G comes in. And now we are talking about 5G.

**Q) Can you describe the health of the telecom industry at this point of time?**

A) Spectrum is the most expensive in the world, the equipment is the same price as the world and the tariffs are the lowest in the world. The only thing which saves us is the

volume on our network. Earlier, you could have low costs because spectrum was cheaper. Now spectrum is expensive and volume has to offset it. Kudos to the government for putting up so much of spectrum. Allowing sharing and allowing trading. We ourselves traded two big lots. What this industry has seen is only an erosion of the tariffs and with Jio coming in, that is only going to get massive erosion and we all expect that.

**Q) Your thoughts on spectrum pricing?**

A) While the issue of availability of spectrum has been resolved, the price of spectrum continues to remain high. But the government's hands are also tied because operators bid so heavily in the last spectrum auction. That was because operators had to retain their customers, they also had no choice.

**Q) Once consolidation happens, will the tariffs increase?**

A) The prices don't have to double from here. Take the case of voice, the average realisation is 36 paisa per minute, we haven't managed to raise it to 40 paisa. We need a little bit of tweaking of tariffs and as data consumption goes up, it should help.

**Q) How long will it take for the industry to get there?**

A) I think in two years' time from now, we will have four operators and around that time we will see reasonable capital employed.

**Q) By when do you think data revenue will exceed voice in the business?**

A) Non-voice revenue is about 25% of total revenue. In about 36 months, data should contribute more than 50%. If you ask Jio, they will say 80% from day one.

**Q) Are you looking at selling any further assets in Africa?**

A) Already a lot of towers have been sold. At the moment, we are just focussing on building on our remaining assets. There will be some opportunity in some markets to consolidate. Ghana we are number three and we are just getting hurt so, something has to happen. We need to buy or sell. In Sri Lanka, where there are four operators, some action will have to happen. There is no embarrassment in saying that we need to check our actions and fix them. Bangladesh we did it, we should be getting approvals next week. Right now we need to heal Africa, invest in India.

**Q) How do you see the payments bank making a difference?**

A) People who dropped out are the people who don't have distribution networks. It is not a money making exercise but a customer satisfaction one and for leveraging our wide

distribution networks to help financial inclusion. Every time a transaction happens we will make some money. From a telecom operator's perspective it will help us keep our customers sticky. We are only allowed to take a deposit of one lakh rupee. Third party insurance is another area.

**Q) Telcos are asking the regulator to withdraw the order barring discriminatory pricing of data services. But the Trai isn't relenting. Your views.**

A) Differential pricing of data network has gotten mixed up with net neutrality. My own view is we all should build open platforms. My own take on differential pricing is that Trai must be sympathetic to the marketing needs of the telecom industry. Everyone making the same soaps means you are not being creative. My own view is you have to allow creativity in the markets.

**Here's what Mukesh Ambani said on Reliance Jio, Indian broadband landscape**

1 of 32



Recommend 2

Share

Sort by Best



Join the discussion...



Common Man · 4 days ago

Somewhat wishful thinking on part of Airtel's Chairman. Going by the upcoming merger of RCom and Airtel, with national launch of 4G, I would not be surprised if the new entity gives the cartel a run for their money in 4g data play. One cannot ignore that the new entity will possibly have the most balanced 2 /3 4 G spectrum in the industry.

^ | v · Reply · Share >



Fairplay · 4 days ago

Typical reaction from a disgruntled operator who swindled its way to the top by forming a cartel. Discriminatory pricing has the same sound to it as the 2003-04 damaging policy of allotment of excess spectrum based on users. It's time that the govt ensures a level playing field in 4 G play and whets all proposals by the Bharti-Voda -idea cartel.

^ | v · Reply · Share >

ALSO ON ETTELECOM.COM

Reliance Jio will obviously create an upset for all of us: Kumar Mangalam ...

1 comment · 10 days ago



Reliance User — Sir, no such thing will happen. Reliance is switching customers from its CDMA based network (Anil ...

Collaboration goes bone-deep in CSPs on digitalization path - Tele-Talk by ...

3 comments · 13 days ago



Patricia — A good read, thank you.

Cabinet likely to consider mega spectrum auction plan tomorrow

1 comment · 12 days ago



AG111 — There is no point in buying spectrum license for next twenty years at such huge prices. In next 4-5 years 5G ...

Chaos, confusion as Idea Cellular network goes for a toss in Kerala

1 comment · a day ago



plain truth — "There are over 1 lakh idea users in Kerala, said senior officials at Idea Cellular." Idea has more than 1 crore ...

Subscribe

Add Disqus to your site Add Disqus Add

Privacy

# Indian telecom operators to spend Rs 1 trillion in auction: Crisil

*Last month, the Union Cabinet had approved what will be India's biggest spectrum sale likely in early September, in which the government plans to auction over 2200 Mhz of airwaves across 4G bands (700 MHz, 800 MHz, 1800 MHz, 2300 MHz and 2500 MHz bands), and the 2100 Mhz 3G band.*

ET Bureau | Jul 04, 2016, 06.59 PM IST

[+ Click Here to Read This Story](#)

---

# Panasonic India to develop artificial intelligence tech for smartphones; plans strategic acquisitions

*The handset vendor has already set aside an initial corpus of \$10 million for the development of this technology through a merger and acquisition or a joint venture.*

Danish Khan | ETTelecom | Jul 04, 2016, 06.52 PM IST

[+ Click Here to Read This Story](#)

---

# Swipe Technologies launches Swipe X703 tablet at Rs 7499

*The tablet packs 1.3 GHz Quad-Core processor, 1 GB RAM with 8 GB internal memory. On the camera front it offers 5 MP rear camera and 2 MP front camera.*

Tina Gurnaney | ETTelecom | Jul 04, 2016, 06.28 PM IST

[+ Click Here to Read This Story](#)



Follow ETTelecom /  /  / 

---

#### News ›

[3G/4G](#) / [Devices](#) / [Enterprise](#) / [Financial Results](#) / [Industry](#) / [Infrastructure](#) / [International](#) / [Internet](#) / [MVAS/Apps](#) / [People Movement](#) / [Policy](#) / [Reviews](#) / [Smartphone](#)

---

#### Features ›

[Jobs & Careers](#) / [Data & Analytics](#) / [Product Launches](#) / [TelecomTV](#) / [Webinars](#) / [Insights](#) / [Trends](#) / [Startups](#) / [Interviews](#) / [TeleTalk](#) / [Data](#) / [Reports](#) / [AskETTelecom](#)

---

#### Other B2B News Sites ›

[Retail News](#) / [Auto News](#) / [Health News](#) / [Energy News](#) / [IT News](#) / [Real Estate News](#) / [Brand Equity News](#) / [Technology News](#)

[About Us](#) / [Contact Us](#) / [Advertise with us](#) / [Newsletter](#) / [RSS Feeds](#) / [Embed ETTelecom.com Widgets on your Website](#) / [Invite Friends](#) / [Enroll Company Employees](#)

[Privacy Policy](#) / [Terms & Conditions](#) / [Guest-Post Guidelines](#) / Copyright © 2016 ETTelecom.com . All Rights Reserved.