

Executive summary

The liberalization of the domestic economy and increasing integration with the global economy has positioned India as the second fastest expanding economy of the world. After embracing a closed, centralized economic model for four decades, India shifted to a market-oriented model. Liberalization initiatives, especially in the 1990s, resulted in an improved business climate and in an increase in investment across the country, boosting the industrial growth over the past decade. Indian telecom is an economic miracle in the making. Connecting such a vibrant economy of more than a billion people together and with the rest of the globe is an extraordinary achievement in terms of a nation's socioeconomic development.

India has faced challenges in liberalizing its telecom industry from a monopoly to a decentralized competitive model. The announcement of the National Telecom Policy (NTP) in 1994 marked the first steps toward the new model. It aimed at making available "telephone on demand," the provision of leading class services at reasonable prices, promoting India's emergence as a major manufacturing and export base of telecom equipment and universal availability of basic telecom services to all villages. In 1999, Government, recognizing the need to overhaul its policy framework, issued the NTP 1999, which had played a key role in shaping the sector. India has reached the goals set in NTP 1999 far ahead of time, with the market evolving into the world's second largest in terms of subscribers. Presently, there are more than 700 million subscribers in India, and the overall teledensity has reached more than 60%.

With plenty of strong potential value remaining, the sector requires much attention and a robust policy framework to address the challenges that exist in the present scenario as well as help to capture the opportunities that the sector holds for the country.