Telecom Sector - RJio Monopoly Issue

What is the issue?

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In the telecom sector, the entry Jio has always triggered excitement among consumers and **disruption among incumbents.**

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What is happening now?

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- Reliance’s aggressive pricing plan has **forced incumbent operators** to drop data tariffs by 20-30%.
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- It has led to nearly **6% decline in industry revenues.**
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- This declining revenues are forcing another round of consolidation.
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- From as many as 10 operators in each circle a few years ago, there are only about 5 operators now.
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- Market leader Bharti Airtel has been beefing up its spectrum holding by **acquiring airwaves from smaller operators** such as Telenor.
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- The second and third largest players — Vodafone and Idea Cellular — are in the process of **merging** their operations.
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What could be done?

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- According to CRISIL, the latest move by Reliance to give bundled 4G-ready handsets practically for free has the potential to increase mobile broadband users fourfold.
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- It may wipe out many of the financially weaker incumbent operators.
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- However, the tariff schemes unveiled by RJio are unlikely to cause major disruption.
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- The free feature phone offer comes with a condition that the **user will be locked** into the RJio network for three years.
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- Previous attempts to lock in Indian subscribers have not worked.
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- Also, Jio’s lower-priced packs of Rs 23 and Rs 53, being offered along with the free phone, are unlikely to be very popular, given that their validity is restricted to few days.
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- So, the demands for a regulatory intervention on allegations of predatory pricing by RJio should not be entertained.
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- But questions of whether a single company owning the hardware and software can give rise to a **content monopoly** cannot be brushed aside.
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- Whether one entity owning the medium, the message and the means of consumption is healthy is something for policymakers to think over.
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Source: Business Line

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