

Indian Telecom's Spectacular Rise and the Nature of Monopoly Capital in India

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1. Introduction

The remarkable success of the telecom industry² in India in the past three decades, led largely by big capital, may be the biggest achievement of which the ruling classes and their representatives – across the ideological and political spectrum – can boast. We see a phone in virtually every hand, cutting across class, caste, community, age and gender divides. The mobile phone appears to be the only thing that unites India today; observers term this a ‘miracle’.³

The indispensability of the mobile phone was starkly underlined during the worst days of the Covid-19 pandemic, when people’s lives seemed to hang by their phones, for oxygen, medicine, food or even education. For the State, and indeed even for the alternative communities that were spontaneously formed during the worst phase of the crisis, it appeared that the only means to almost any end was a phone and its ‘connectivity’.

1 Extensive comments and helpful suggestions from Manali and RUPE editors on earlier drafts are gratefully acknowledged.

2 Unless otherwise specified, by ‘telecom’ throughout in this article we mean cellular telecommunications.

3 S. Biancini, “Behind the scenes of telecommunication miracle: An empirical analysis of the Indian market,” *Telecommunications Policy*, 35, pp. 238–249, 2011.

The ruling class's political claims in this regard are exemplified by a remark of the then Home Minister P. Chidambaram in 2010. When the minister was speaking at the Jawaharlal Nehru University (JNU) on 'Naxalism', a student reminded him that an official committee report⁴ released by his own government in 2009 had revealed that 77 per cent of the nation lived on a mere Rs 20 per day per head (in 2004-05 rupee terms). Dismissing this finding, Chidambaram quipped, "If that is so, how can India have 60 crore mobile phones(?). This is a simple parameter to negate the report. I am sure I can help you being a better economist."⁵

Mobile connectivity appears to have reached almost every nook and cranny of the nation at unparalleled speed. People may have little access to health services, open defecation may remain a common sight in spite of numerous campaigns against it by successive governments, large numbers of the common people may lack access to potable tap water; but mobile phones have reached more than 88 per cent of the population, and a 4G phone could be bought for as little as Rs 500 in 2020. The Telecom Regulatory Authority of India (TRAI) highlighted the fact that the cost of a GB of wireless data, which was nearly Rs 270 in 2014, had fallen to as low as Rs 12 in 2018, possibly the world's lowest price for data. One needs reminding that barely 25 years ago, in 1994, mobile calls cost Rs 18 a minute, and a mobile phone was priced at Rs 40,000, obviously a luxury accessible only to the well heeled at that time.⁶

And so we are told that for almost everything that matters in life – communication, social media, information, entertainment (television, films or music), as well as for vital services such as commerce, banking, education, health, transport, food delivery, tourism, etc. – one needs a mobile. Indeed, even to access 'subsidies' such as midday meals and liquefied petroleum gas (LPG), one needs a mobile.

We are also told that this success is primarily because of the spirit of

4 The report of the National Commission for Enterprises in the Unorganised Sector (NCEUS), headed by Arjun Sengupta.

5 Chidambaram invites JNU girl over for tea, *Indian Express*, May 6, 2010. <http://archive.indianexpress.com/story-print/615866/> accessed on 15/09/2022.

6 Surajeet Das Gupta, "25 years since the first mobile call: Roller-coaster ride for telecom," *Business Standard*, July 24, 2020. https://www.business-standard.com/article/companies/25-years-since-the-first-mobile-call-roller-coaster-ride-for-telecom-120072301886_1.html accessed on 15/09/2022.

enterprise of private capital. Private capital has achieved this, it is claimed, in spite of the actions of bumbling and corrupt governments, out to kill the goose that lays the golden egg, and in spite of the orders of ill-informed courts. (Such reports are routine: take, for example, the media coverage of the ‘unfair’ Adjusted Gross Revenues [AGR] dues claimed by the Government, the Vodafone tax dispute, or the so-called 2G scam). We are also told that this telecom miracle is being led by ‘Indian’ companies – Jio, Airtel, Idea –thus exemplifying the Government’s ‘Atmanirbhar’ (self-reliant) agenda and the 75 years of Independence that the nation is said to be celebrating.

In this article an attempt is being made to dig deeper into the three decades of purported telecom miracle and ask a larger question: *What does this extraordinary success of the telecom industry tell us about the nature of monopoly-finance capital in India?* The analysis is divided as follows: in part II, we examine the motivations and actions of big business in Indian telecom over the years; in part III, we analyse the relations between India’s monopoly capital and the Indian State; and in part IV we look at the endgame of the three-decade-long privatisation of the telecom industry and its capture by monopoly capital. In conclusion, we make four overall arguments:

1. Over the course of the last 25 years, during which the telecom market has eventually been divided among two or three remaining operators, State bodies have hardly been able to hold telecom firms accountable or protect the public interest in relation to them. Instead, the State has often allowed monopoly capital to operate without regulation, and at times actively intervened in favour of particular firms. It has ensured they receive public sector bank credit and provided them Government subsidies.
2. Individual firms have nevertheless often been in crisis, due to their own manner of operation. In the course of their bankruptcies and consolidations, there has been a massive waste of resources; consumers have suffered sub-par quality of service; and employees have periodically suffered huge job losses. On the plea of crisis, firms have frequently sought (and received) returns by means other than their telecom operations, such as Government subsidies and tax breaks, or speculation in telecom licenses and spectrum.
3. Regardless of the appearance of domestic strength, India’s telecom

industry has increasingly come under the sway of international finance capital, and its development is determined to a considerable extent by the specific and limited interests and logic of the latter.

4. Finally, a striking feature of this vast capital-intensive industry being nurtured with huge Government support is the abysmal lack of indigenous know-how and the absence of robust manufacturing base in India. This becomes even more conspicuous if we compare it with the Chinese telecom industry, which was perhaps even less developed than India's in the 1980s, but has reached a very different level today in terms of indigenous know-how and development of manufacturing prowess.