

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:5477
ANSWERED ON:09.05.2012
CONSOLIDATION IN MOBILE SECTOR
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the mobile phone market heads for consolidation;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the trend is likely to continue in 2012 when the sector is likely to grow by 15 per cent to cross the 50,000 crore revenue;
- (d) if so, the details thereof and the action taken by the Government in this regard; and
- (e) the benefits likely to accrue to the Government as well as telephone subscribers as a result thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) & (b) No industrial license is required for manufacture of mobile handsets. Department of Telecommunications is not maintaining data on consolidation of mobile phone companies.

(c) to (e) As per the data provided by Indian Cellular Association (ICA), the demand for mobile handsets has grown by 20% to 180 million in the year 2011 as compared to 150 million for the year 2010, while in value term the same stands at Rs. 38,200 crore in 2011 as compared to Rs.34,500 crore in 2010 at a rate of growth of 11%. According to ICA estimates, the demand will reach to 200 million in volume term at a rate of growth of 11% in the year 2012, while in value term, the same will stand at Rs. 43,000 crore at a rate of growth of 13%. The demand of mobile handsets during the last three years and projected for the next three years is as under:

Year Volume in Value in
Million Rs. Crores

2009	130	30,100
2010	150	34,500
2011	180	38,200
2012#	200	43,000
2013#	225	48,200
2014#	250	54,000

Projected

Source: ICA

The Government has taken following actions to promote manufacturing of mobile phones in the country:

- i) The Government has allowed 100% Foreign Direct Investment (FDI) in manufacturing
- ii) The payment of any technical know-how fee and royalty for technology transfer is under automatic route.
- iii) With a view to promoting mobile phones manufacturing in the country, full duty exemption has been put in place for parts, components and specified accessories viz. Battery chargers, PC Connectivity Cables, Memory cards and hands-free headphones required for the manufacture of mobile phones.

The growth in mobile phone demand and availability has given more choice to the consumers and competition in the market has brought down the reduction in price of mobile handsets. The Government would get revenue in terms of various duties and taxes.