

### **Telecommunication Services**

Telecommunication sector has witnessed a total transformation throughout the world in the last two decades due to rapid technological advances. Today, an advanced telecom system is a necessity for a nation's manufacturing as well as service industries. Consider for example, the growing use of telecom in services like banking, retailing, trading, health, education and transportation. At the beginning of the seventh five-year plan in 1985, the then government decided to focus on improving the telecommunication sector and constituted the Telecommunication Board and the Department of Telecommunication (DOT) within the Ministry of Commerce to oversee operations, maintenance and development of telecom services. The emphasis on this sector increased further with liberalization initiative taken by government in the current decade. The plan outlay for telecom sector, which was 2.5 per cent of national plan outlay during the sixth plan, was increased substantially to 11.9 per cent in the eighth plan amounting to a whopping Rs. 406 billion. The outlay on communication (including IT) during tenth plan was Rs. 990 billion. The number of fixed lines has increased from 5.8 million in 1991-92 to 42.58 million (Fixed including WLL-F) in 2003-04. Mobile telephony has brought about a revolution in Indian telecom sector. During the year 2003-04 it witnessed a growth of 160% over 2002-03.

### **Health Services**

According to the economic Times healthcare 2001-02 report, India's healthcare industry grew by 13 per cent per annum over the last decade and is currently growing at 17 percent annually. Presently the industry size is \$18 billion. According to the report, India can reach a size of \$40 billion by 2005-06. The growth is being propelled by an increasingly affluent and more consumer oriented middle-class population of 100 million, who are seeking and willing to pay for a higher standard of healthcare. During 1990 to 1996, the middle- and higher-income group has increased from 14% to 20%. However, a number of changes in the last few years like more consumer awareness, increasing purchasing powers and especially setting up of corporate hospitals with huge capital investment has led to more competition and marketing efforts. With the growing population and other factors cited above, the health services are going to increase at a fast pace with more participation coming from the private sector. In Unit 13 we will be taking up detail's related to the health services sector.

### **IT and BPO**

The Indian IT sector has proved to be the country's fastest growing segment, even in troubled times in the globally challenging economic environment of 2001-03. Outsourcing of IT requirements by leading global companies to Indian majors picked up pace during 2002-03, in line with worldwide trends. The software sector logged in a revenue of Rs.47,500 crore during 2002-03, a jump of 30% from the previous year. Similarly, offshore project revenues grew by blazing 49%. Indian companies entered in to high value segments such as system integration, package implementation, IT outsourcing, and IT consulting. The revenue

contributions by the US market continued to rise on account of the large number of ITES / BPO projects getting outsourced to India.

The Indian ITES industry is estimated to grow to Rs. 810 bn in 2008. In India, ITES-BPO segment registered a growth of 59% to reach Rs. 113 bn (US \$2.3 billion). The ITES contributed 25% to the total IT Software and Service exports from India during FY03. Captive ITES-BPO players have almost doubled their share in Indian software exports, growing by a phenomenal 90% in last financial year. ITES-BPO segment is projected to register a growth of 54% to clock revenues of US \$ 3.6 billion during FY 2003-04. India continues to offer great value proposition for the ITES companies. "Outsourcing to India has helped companies achieve 40-50 per cent cost savings. Companies are also able to generate higher free cash flows due to reduced investments in physical infrastructure, telecom and equipment." (Source: India Infoline).

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