

Telecommunication and Economic Development

Jagpreet Singh

PGDM, Universal Business School, Mumbai
MBA, University of Economics, Varna (Bulgaria)

Abstract:-This paper aims at explaining the inter-relationship between economic advancement of a country and telecommunication and also the effects to the society. Answering to various important questions like, How important the telecommunication industry to the overall health of the economy.

I. INTRODUCTION

Before the boon of Internet, Researchers of world economy proposed that telecommunication revolution has given birth to a new growth paradigm. It's applications enable latest communication to travel distance which include data transportation by instant messaging and various forms of distributed collaboration.

The results of various researches proves the strong collaboration between telecommunication and GDP growth. Many reports indicated many indirect effects in productivity gain with advancement to telecommunication due to two major reasons. Firstly, a vital role in operations of the organization in the modern global economy. Secondly, by regulating, circulating and organizing the vital communications like marketing of goods and services.

II. THE LINKAGE-'MODERN AGE ECONOMY AND TELECOMMUNICATION

It is not possible to neglect the future importance of telecommunication in world economy, Since its introduction in the last quarter of twentieth century it has become one of the drivers of the economy in many countries just as roadways and railways once believed to be essential for growth and development. As said by John Harings "The use of telecommunications in production and marketing of goods and services is ubiquitous"

It has linkage with various domains or functional areas in the organization like telephonic order booking, convenience in business transactions, as a source to provide incomparable

customer services and guaranteed customer satisfaction ,consequently affecting business which in turn influences the money for private consumption and finally towards the shaping of the economy. For instance General Electronics had built their own telecommunication capabilities right into the medical equipments which it supplies to the hospitals. GE's technicians can dial up the link numbers and remotely monitor, diagnose and propose solution very rapidly, if problem comes up.

III. TELECOMMUNICATIONS AND THE INDIAN ECONOMY

The telecommunications industry is one of the direct contributor to Indian economic activity. The Department of Industrial Policy and Promotion and the Department of Telecom estimates that Mobile industry may contribute 8.2 per cent to GDP by 2020 ,Mobile industry in India currently contributes 6.5 percent(\$140 billion) to country's GDP, and employs over 4 million people(Direct or Indirect). In Parliament in December, revenue generated by the telecom sector in 2014-15 was Rs 2,42,900 crore, accounting for 1.94 per cent of total GDP according to the previous data shared by former telecom Minister Ravi Shankar Prasad. In 2011-12, the telecom sector accounted for 2.1 per cent of GDP with revenue of Rs 1,85,930 crore, while in the next year it stood at Rs 2,07,498 crore (2.07 per cent of GDP).

As per the DIPP-DOT reports, which suggests that telecommunication industry will add more than 800,000 jobs in the country. At present scenario, the same DIPP-DOT report also has predicted the hike in 4G subscribers in India will take it to the numbers nearing to 280 million by 2020 from just 3 million in 2015. Along with that ,total Foreign Direct Investment in telecom sector from April 2014 to March 2016 was around \$4.19 billion.

The Industry generated 38,300 new jobs in last two years with Taiwanese electronics company Foxconn which was the top employer, by giving employment to 8000.

Company	Investment(in million\$)
Vodafone	1,500.79
Videocon International Electronics	719.76
Telenor	573.15
Sistema Shyam Teleservices	451.83
Bharti Infratel	240.37
Idea Cellular	123.22

Source-DIPP-DOT Reports

Table1: Depicting Investment in Telecommunications Companies in India in Year 2017-18

IV. TELECOMMUNICATIONS AND THE SOCIETY

One cannot premit the effects of telecommunication on social relationships, Introduction of 3G and 4G cellular networks in various countries will further ignite the robust social transformations and growth.

Telecommunication plays the vital role in integrating cultures and allows the transport of global music, art, science and news. It is a form of technological link for societal communications whether government to business or business to families. Telecommunication is also said to be the precondition for development and public participation especially for communities in disadvantaged geographies, it is vital, whether it is U.S or any rural area of a developing country.

Additionally for unheralded conditions like disasters and its recovery, advect of vital intelligence, to uninterrupted military services, telecommunication plays an indispensable role.

V. CONCLUSION

Telecommunications matters economically for reasons like expanding productivity in the modern “information-supported” economy, indeed, it provides a first-hand proficient means for productively supporting the data and knowledge sprawl among individual economic segments throughout the global economic map. Also, the development of telecommunications from a “mere-a-technology” to a more competitively designed industry.

The telecommunications industry is believed to be of pivotal prominence to a country’s economy as a society, that a strengthened telecommunications research potential continues to be vital to the health and competitiveness of the industry, and that the health of this industry strongly influence the world’s economy in many ways.

SOURCES

- [1]. <http://www.econlib.org/library/Enc/Telecommunications.html> Telecommunications: The Concise Encyclopedia of Economics | Library of Economics and Liberty Telecommunications Date Accessed:December 06, 2017.
- [2]. <http://www.econlib.org/library/Enc/Telecommunications.html> Telecommunications: The Concise Encyclopedia of Economics| Library of Economics and Liberty Telecommunications Date Accessed:December 06, 2017.
- [3]. <http://indianexpress.com/article/technology/tech-news-technology/mobile-industry-to-contribute-8-2-to-gdp-by-2020-govt-report-4394308/> The Indian Express, Mobile industry to contribute 8.2 per cent to GDP by 2020: Govt report November 25, 2016,Date Accessed:December 06, 2017.
- [4]. <https://www.nap.edu/read/11711/chapter/3#8> National Academies Press: Open Book Read "Renewing U.S. Telecommunications Research" at NAP.edu Date Accessed:December 06, 2017.