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A Study Impact of Telecom Scams on Subscribers

Nyamarthi Karthik
Student, MBA, Anurag Group of Institutions, India

I. INTRODUCTION

A. *Second Generation Spectrum Scam*

The 2G scam involved officials in government of India illegally undercharging mobile telephone companies for frequency allocation licenses which they would use to crate 2G subscriptions for cell phones . The short fall between the money collected and the money which the law mandated to be collected is estimated to be 1.76 lack Crore rupees (roughly equivalent to 39 billion US$) based on 3G action prices the issuing of licenses accrued in 2008, but he scam came to public notice when the Indian income tax department was investigating political lobbyist Nira Radia The government investigation and reactions to findings were the subject debate, as were the nature of Indian Medias reactions. The discussions around reactions to the 2G scam become known in the media as the Nira radia tapes controversy. Much of the credit of bringing this whole scam into public light (by pursuing it in the court of law) goes to Subramanian Swami who is the chief petitioner for this case in the court of law. Also there is a national security angle were the Telenor and etisalat was allowed to operate in India even after severe objections from the ministry of home affairs. .

On 16th November 2010, the comptroller and Audit General of India (CAG), the supreme auditing body of the country came out with its report on the issuance of licenses and allocation of 2G spectrum by the Department of telecom.CAG, then headed by Vinod Rai, revealed 2G licenses has been issued to telecom operators at throwaway prices causing a loss of Rs1.76 lakh crore to the exchequer. Moreover, licenses had been issued to applicants who had deliberately suppressed facts, disclosed incomplete information, submitted fictitious documents and used fraudulent means for getting licenses and there by access to spectrum.

The CAG report went on to say that licenses owners had in turn sold significant stakes to the Indian/foreign companies at high premium with in short period of time. The premium earned by these new entrants to the telecom sector was estimated to be the true value of the spectrum.

1) *2G Scam Meaning:* "second-Generation Wireless telephone technology "
2) *2G Scam:* 2G is short for second generation wireless telephone technology and it is relatively in the field of mobile it is not just a network but good technology and it is introduced data services for mobiles the 2G systems are far more efficient on spectrum allowing for greater mobile phone generation levels. Secondary generation 2G cellular telecom networks were commercially launched on the GSM standard in Finland in 1991.

B. *Objectives*

1) To study the impact of 2G on stock market
2) To know the key people involved in corruption
3) To know how 2G case impacts on telecom sector
4) To know the reasons of 2G scam

C. *Need For The Study*

1) To study attempt to analyze the important dimensions of 2G scam in telecom sector in India
2) To study is to know the effect of 2G scam in Indian economy
3) The study is to know the primary allegation on A raja was of allocating airwaves and licenses for cell phone networks in exchange for bribes

D. *Scope For The Study*

1) The report aims to find the causes and effect of 2G Scam
2) It is confined to monitor what kind of problems the government is currently facing
3) The analysis is descriptive in nature
4) It is shaped for the infamous 2G scam which occurred in 2008
5) It examines the corruption and discrimination involved among the politicians and media

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E. Limitations

1) With regard to the involvement of bureaucrats and media, it does not go deep into the leakage of the well-know radio tapes
2) It does not analyze the facts of thee scam which the government has not disclosed yet.

F. Research Methodology

1) *Sample:* Shares of 3 companies are been taken there are
a) Reliance telecommunication
b) Airtel telecommunication
c) Tata telecommunication
2) *Data Collection*
a) *Secondary Data:* The secondary data collected from website, textbooks, news papers, and various magazines and suggestions from a few expert in the field has been taken in doing this project
b) *Tools and Analysis:* Diagrammatical and graphical representation of data

II. REVIEW LITERATURE

A. Ramachandran T.V (2005) research study aimed to analyze the performance of Indian Telecom Industry. The authors comment that Indian Telecom Industry is based on volumes (number of customers) rather than profit margins, that is, the industry focuses on serving the communication need of its customers rather than focusing on profit margins. The study found that the Indian consumer is extremely price-sensitive. The examination likewise discovered that different socio-statistic components like: high GDP development, rising pay levels, blasting learning division and developing urbanization have contributed towards enormous development of this area. The creator says that 2 Generation (2G) administrations go about as an instrument that will tie these things (individuals, correspondence development and financial development) together and convey the versatile transformation to the majority sooner rather than later.

B. Watsonet.als (2002) empirical study aimed to analyze Consumer attitudes and behavior towards to utility of broadband products. The study found that the users are shifting from one player to another due to various reasons like cost, speed, quality of service etc. Beneficial impact of competition within the telecoms extending choice among consumers has provoked rivalry and price reduction among suppliers.

C. IndianMobile Summit (2013)11 report comments that the Indian telecom industry has indeed come a long way over the last 15 years with rapid technological developments. Moreover, its imminent potential coupled with intent to grow remains equally strong. Data transfer is slated to emerge as the next growth driver for this industry. While the broadband subscriber base in India is expected to witness a 14-fold increase over2011-2018; the fixed broadband segment is expected to contribute to only about 10 percent of the overall broadband subscriber base by 2018. On the other hand, mobile broadband has been pegged as the next big thing.

D. Sharma K. (2000), "Fare Growth In India: Has GDP Played A Role": Export supply is emphatically identified with the residential relative cost of fares and higher household request decreases fare supply. Outside speculation seems to have factually no huge effect on fare execution in spite of the fact that the coefficient of GDP has a positive sign.

III. INDUSTRIAL PROFILE

A. Telecom Industry

India is presently the world's second-biggest media communications advertise with a supporter base of 1.20 billion and has enrolled solid development in the previous decade and half. The Indian portable economy is developing quickly and will contribute considerably to India's Gross Domestic Product (GDP), as indicated by report arranged by GSM Association (GSMA) as a team with the Boston Consulting Group (BCG). As of January 2019, India has seen a 165 percent development in application downloads in the previous two years.

The liberal and reformist approaches of the Government of India have been instrumental alongside solid shopper request in the quick development in the Indian telecom area. The legislature has empowered simple market access to telecom hardware and a reasonable and proactive administrative system that has guaranteed accessibility of telecom administrations to shopper at moderate costs. The deregulation of Foreign Direct Investment (FDI) standards has made the part one of the quickest developing and a best five work opportunity generator in the nation.

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B. *Market Size*

With 604.21 million web endorsers, as of December 2018, India positions as the world's second biggest market as far as absolute web clients. Further, India is likewise the world's second biggest media communications showcase, with complete endorser base of 1,183.51 million toward the finish of March 2019

In addition, in 2017, India outperformed USA to turn into the second biggest market regarding number of application downloads. The nation stayed as the world's quickest developing business sector for Google Play downloads in the second and second from last quarter of 2018.

IV. COMPANIES PROFILE

A. *Reliance Communication*

Reliance Communications Limited was an Indian portable system supplier headquartered in Navy Mumbai that offered voice and 2G and 3G information administrations. In February 2019, the organization petitioned for financial protection as it was not able offer resources for reimburse its obligation. It has an expected obligation of ₹ 50,000 corer against resources worth ₹18,000 CRORE.

As of March 2019, the organization has modified its procedure and keeps on working fixed-line correspondences, server farm administrations, undertaking arrangements just as subsea link arranges under the pennant name, "The New Reliance Communications In the 2010 range sell off, Reliance got licenses for 3G range in three urban communities at a complete authorizing charge of ₹58,642.9 million. The organization discounted the cost of its 3G administration by 61 percent in May 2012. Reliance and Lenovo presented their co-marked Android advanced mobile phones in India in 2013.

The organization finished its CDMA tasks in 2016, and moved its supporters of its GSM and LTE arranges by September that year. Obtaining of MTS India and Dig link On 1 July 2010, The leading group of Reliance Communications affirmed about the securing of Dig link the India's biggest link arrange altogether stock arrangement. The new element named as Reliance Dig com. Which will coordinate RCOM's DTH TV, IPTV and Retail Broadband Operations with Dig linkOn 14 January 2016, Reliance Communications declared that it had obtained SystemShamteleservicesLimited (SSTL, working as MTS India) in an all-stock arrangement. SSTL got a 10 percent stake in Reliance Communications subsequent to reimbursing its current obligation. Reliance Communications would accept accountability for portions that MTS owed the administration for range buys, adding up to ₹392 corer consistently for a long time. Because of the arrangement, Reliance gained MTS India's supporters and SSTL's range in the 850 mhzband.

India's enemy of trust controller, the Competition Commission of India (CCI) affirmed the merger in February 2016. The Securities and Exchange Board of India (SEBI) additionally

B. *Airtel Communication*

BhartiAirtel Limited is a main worldwide telecommunications organization with tasks in 18 nations crosswise over Asia and Africa. Headquartered in New Delhi, India, the organization positions among the main 3 portable specialist co-ops all around as far as endorsers. In India, the organization's item contributions incorporate 2G, 3G and 4G remote administrations, portable business, fixed line administrations, rapid home broadband, DTH, endeavor administrations including national and worldwide long separation administrations to transporters. In the remainder of the topographies, it offers 2G, 3G, 4G remote administrations and versatile business. BhartiAirtel had more than 403 million clients over its activities toward the finish of March 2019.

Airtel AU is an Australian claimed Company that exclusively works inside Australia. Airtel AU is a main provider of Telephony, Data, Unified Communications and Contact Center arrangements. We represent considerable authority in correspondence framework guidance, establishment, administration and backing, to enable organizations to improve their interchanges through the conveyance of imaginative, adaptable and practical arrangements alongside predominant client administration.Making Airtel AU the supplier of decision for the combining Information Communication and Technology (ICT).

Company have exceeded that additional mile so we can likewise give the best security answer for your organization with our most recent innovation in CCTV. We have solid associations with many regarded national and worldwide ICT innovation producers, company as an autonomous, so we can offer you counsel and answers for fit your needs giving your business the chance to make the best result for your business communication costs.

Company group incorporates a portion of Australia's driving innovation specialists, who are prepared and have involvement in all parts of business correspondences, from our authorized and confirmed experts to our IT experts and pro record chiefs. Our approach is to furnish you and your staff with the best counsel/arrangements at solicitation to maintain palatable degree of extraordinary client administration, and keep up an on going relationship.

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C. Tata Telecommunications

Tata Communications headquartered in Pune and is recorded on the Bombay Stock Exchange and the National Stock Exchange of India. The business was established as Videsh Sanchar Nigam Limited (VSNL) in 1986. VSNL is credited to have carried web into the nation. In 2002, after the Government of India chose to strip its shareholding, Tata Group procured a 45% stake in VSNL. The global arm of VSNL, VSNL International, was propelled in 2004. VSNL was totally obtained by the Tata Group and renamed as Tata Communications on 13 February 2000

In 2012, the organization finished its system crosswise over Egypt connecting Europe to India, making a subsea fiber arrange that circumnavigates the world. The 9,280 km Eurasian area of the Tata Global Network keeps running over the Mediterranean Sea and the Middle East, interfacing Mumbai with Marseilles, furnishing a low-idleness association with a round-trip deferral of 92 m sec, and paces of between 2Mbit/s and 10Gbit/s. .

1) *Server Farms:* Tata Communications has a server farm system situated in 44 areas around the world. Tata Communications server farms fulfill universal guidelines for excess, and are incorporated straightforwardly with its worldwide IP organize. Its collocation administrations give directed power, cooling and physical security for the server,
2) *Wandering:* Tata Communications consolidated its Diameter Signaling trade (DSX) stage with its IPX Connect administration to offer its clients 3G/4G meandering. It gives a total solutionfor LTE wandering relocation, supporting 2G, 3G and 4G meandering inside one system. This system tends to flagging, directing, between working, transport, clearing, settlement, business knowledge, security and administration affirmation.
3) *Flagging:* With an on-net flagging system, legitimately interfacing 300 versatile system administrators and with reach to 900+ portable system administrators, Tata Communication's interconnects portable biological system players for informing

V. DATA ANALYSIS

A. Objective 1

To study the impact of 2G on stock market

1) Reliance

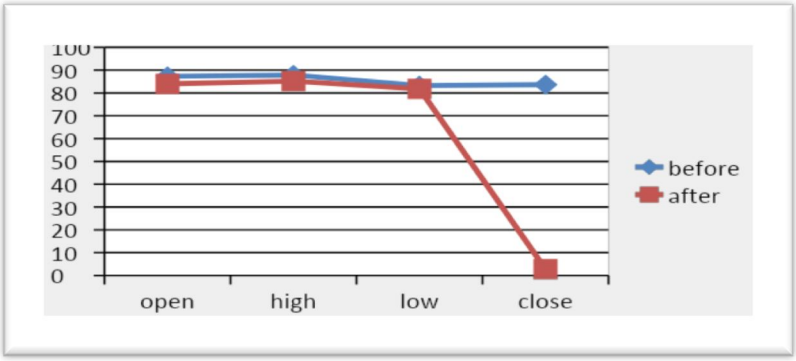
Table 4.1.1: Share value before 2G scam as on 09 November 2011

	BSE	NSE
Open	87.3	87.35
High	87.9	87.9
Low	83.25	83.15
Close	83.65	83.7

Table 4.1.2: Share value after 2G scam as on 11 November 2011

	BSE	**NSE**
Open	84	84
High	85.25	85.3
Low	81.8	81.75
Close	83.5	83.65

Graph4.1.3: Graphical Representation of before and after share value of the 2G scam



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Interpretation

a) In the above graph X-axis represents variables and Y-axis represents share price of company
b) According to the graph we can observe that there is a decrease in the share value before and after 2G Scam
c) Before 2G scam the share value is high and after the 2G scam the share value is low.

2) Airtel

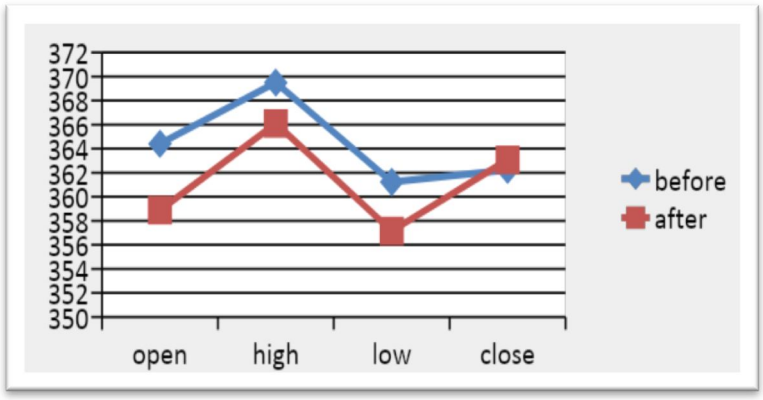
Table 4.2.1: Share value before 2G scam as on 09 November 2011

	BSE	NSE
Open	364.4	363.23
High	369.49	369.57
Low	361.23	360.84
Close	362.23	362.91
Volume	398891	3456997

Table 4.2.2: Share value after 2G scam as on 11 November 2011

	BSE	NSE
Open	358.89	358.09
High	366.1	366.26
Low	357.15	357.13
Close	363.07	363.23
Volume	216098	3663303

Graph 4.2.3: Graphical Representation of before and after share value of the 2G scam



Interpretation

a) In the above graph X-axis represents variables and Y-axis represents share price of company
b) According to the graph we can observe that there is a decrease in the share value before and after 2G Scam
c) Before 2G Scam the share value is high and after the 2G scam the share value is low.

3) Tata Telecom

Table 4.3.1: Share value before 2G scam as on 09 November 2011

	BSE	NSE
open	187.1	187.9
high	192.2	192
low	184.5	184.95
close	187.1	187.2
volume	69828	398396

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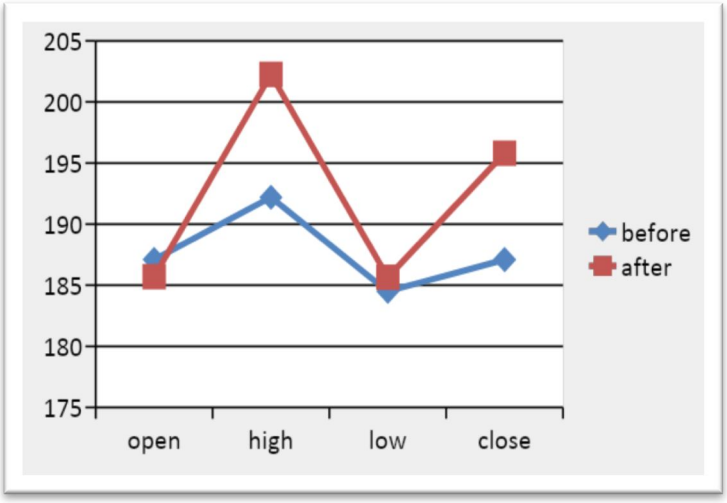
Table 4.3.2: Share value after 2G scam as on 11 November 2011

	BSE	NSE
open	185.7	185.15
high	202.25	202.25
low	185.65	185.15
close	195.8	196.3
volume	256824	929661

Graph 4.3.3: Graphical Representation of before and after share value of the 2G scam



Interpretation

a) In the above graph X-axis represents variables and Y-axis represents share price of company
b) According to the graph we can observe that there is a decrease in the share value before and after 2G Scam
c) Before 2G scam the share value is high and after the 2G scam the share value is low

B. Objective 2

To know the key people involved in corruption

Source**:** https://en.wikipedia.org/wiki/2G_spectrum_case

Parties Accused Of Involvement In 2g Scam

1) Politicians Involved
a) Raja - Minister of Communications and Information Technology
b) M. K. Kanimozhi – RajyaSabha
c) P. Chidambaram - Minister of Home Affairs
2) Bureaucrats Involved
a) SiddharthBehura - Former Telecom Secretary
b) R. K. Chandolia - Raja's private secretary
3) Corporate Executives Involve
a) GautamDoshi - Managing Director of Reliance Anil DhirubhaiAmbani Group
b) SurendraPipara - Vice-President of Anil DhirubhaiAmbani Group & Reliance Telecomminication.
c) Hari Nair - senior vice-president of Anil DhirubhaiAmbani Group
d) Sanjay Chandra - Managing Director of Unitech Wireless (Tamil Nadu) Ltd
e) ShahidBalwa - Swan Telecom advertisers.
f) VinodGoenka - Swan Telecom advertisers.
g) Sharath Kumar - Managing Director of Kalaignar TV
h) Rajiv Agarwal and AsifBalwa - Chief Executives of Kusegaon Fruits and Vegetable in the media transmission.

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4) *Film and Entertainment People Included*
a) KarimMorani - Cineyug Media and Entertainment Ltd's Director * Corporations charged:
b) Unitech
c) Swan Telecom
d) Videocon Telecommunications Limited
e) Reliance Telecommunications
5) *Representatives Charged*
a) Ratan Tata – Chairman of Tata Sons
b) Anil Ambani – Chairman of Reliance Telecommunications.
c) BarkhaDutt - Group editorial manager, English news, NDTV
d) M.K. Venu - senior business writer.
e) VirSanghvi - a Hindustan Times editorial manager.
f) PrabhuChawla - editorial manager of India Today magazine.
g) Shankar Aiyar - at that point with India Today Group.
6) *Media Persons Accused*
a) *Nira Radia:* a corporate lobbyist whose conversations with politicians and corporate entities were recorded by the government and leaked, creating the Nira Radia Tapes Controversy
b) *The Role of Mr. A. Raja:* The 2G range financial scandal in the Telecommunications and IT Ministry under A. Raja is important as the largest political defilement case in present day Indian history.
c) *The Role of Ms. M. Kkanimozhi:* In November 2010 Outlook distributed transcripts of six discussions between lobbyist NiraRadia and Kanimozhi from May 2009. India Today guarantees that these discussions

C. *Objective 3*

To know how 2G case impacts on telecom sector

1) *2g Case Impacts On Telecom Sector*

The fear of another scam pushed the government into a rather long period of so-called ‘policy paralysis’.

The acquittal on Thursday of key players in the alleged 2G scam after seven years might have come too late to change the fortunes of telecom companies which lost money and reputation, while forcing foreign telcos like Telenor and Sistema out of the country.

The key buzzwords facing the industry today -- burgeoning debt burden and consolidation -- trace their roots back to the 2G spectrum scam of 2008 and the action taken subsequently by the Comptroller and Auditor General and Supreme Court. These fundamentally changed the country’s telecom landscape. The advent of Reliance Jio with its aggression accentuated the problem.

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India is the world's second-largest telecom market in terms of subscribers - it has 900 million subscribers. So far, the telecom sector has been crowded with more than a dozen players. Call rates in India among the lowest in the world.

The Indian stock market depends on the working of the various industrialist and economist but when the 2G spectrum comes in existence then it causes around Rs 1,76,379 crore loss to government of India and this was the bad news for the telecom companies The companies like DB reality, Sun TV shares has been fallen around 20 percent

D. Objective 4

To know the reasons of 2G scam

1) Reasons For 2G Scam

a) Political Reasons: Co-alition governments are making central governments weaker to take decisions. A.Raja, who was main accused, should have been removed when he was targeted by main political parties, but he was given for second time with the fear that DMK might withdraw its support. This decision was because of co-alition political parties. High spending in elections is making them resort to corruption which is leading to scams. After huge expenditure, when they are elected they are recovering the money they have put in elections. They are not taking care of people by whom they are elected. No regulations of members of parliament are also reason for their corruption leading to scam. They have some befits as they are representatives of the biggest democracy, which are being misused by them.

b) Business Reasons: Businessmen sponsor politicians when they are in fray. After election, they seek some concessions from politicians for their businesses, if they are elected. Politicians, being workers of people, work for these businessmen in their offices. Businessmen turned politicians are in forefront of making scams.

c) Media Reasons: Growing media activism is throwing open the gates for crooked and worm-natured people resort to it. Commercialization of newspapers is the prime reason for having scams related to them. second reason is that they are being honored and having direct relations with political leaders leading to connive in their activities.

d) Bureaucratic Reasons: The steel frame was turned into wooden frame long ago. It is at the mercy of politicians. Independence of civil service is no more.

VI. FINDINGS, SUGGESTIONS& CONCLUSION

A. Findings

1) The financial scam eventually prompted Raja's retirement on the fourteenth of November, 2010. There will be other criminal request and action on Raja with reports being recorded by the Comptroller and Auditor General (CAG) and the Central Bureau of Investigation (CBI).

2) According to the graph we can observe that there is a decrease in the share value before and after 2G Scam. Before 2G scam the share value is high and after the 2g scam the share value is low.

3) The Indian stock market depends on the working of the various industrialist and economist but when the 2G spectrum comes in existence then it causes around Rs 1,76,379 crore loss to government of India and this was the bad news for the telecom companies

B. Suggestions

1) The complaints of the parliamentary committees need to be made available to the media and public, in order that people can recognize the issue certainly.

2) The authorities have to take the critical and extreme selections mainly in these form of scams, in order that nobody attempts to cheat.

3) Authorities have to prove itself via arresting the unlawful men and women, whether or not they may be everybody.

4) Both the media and the majority ought to create an focus that the government is a trustee of public cash and belongings and the humans are the real proprietors.

C. Conclusion

1) To sum up, it may said that 2g verdict may have an adverse impact on many stakeholders to it. The same will put the existing License holders and their customers and investors and government in a spot bother. Yet, the same will go a long way in keeping a check on unethical political- corporate sector nexus in future. This, in turn will help the country and its Economy flourishing.

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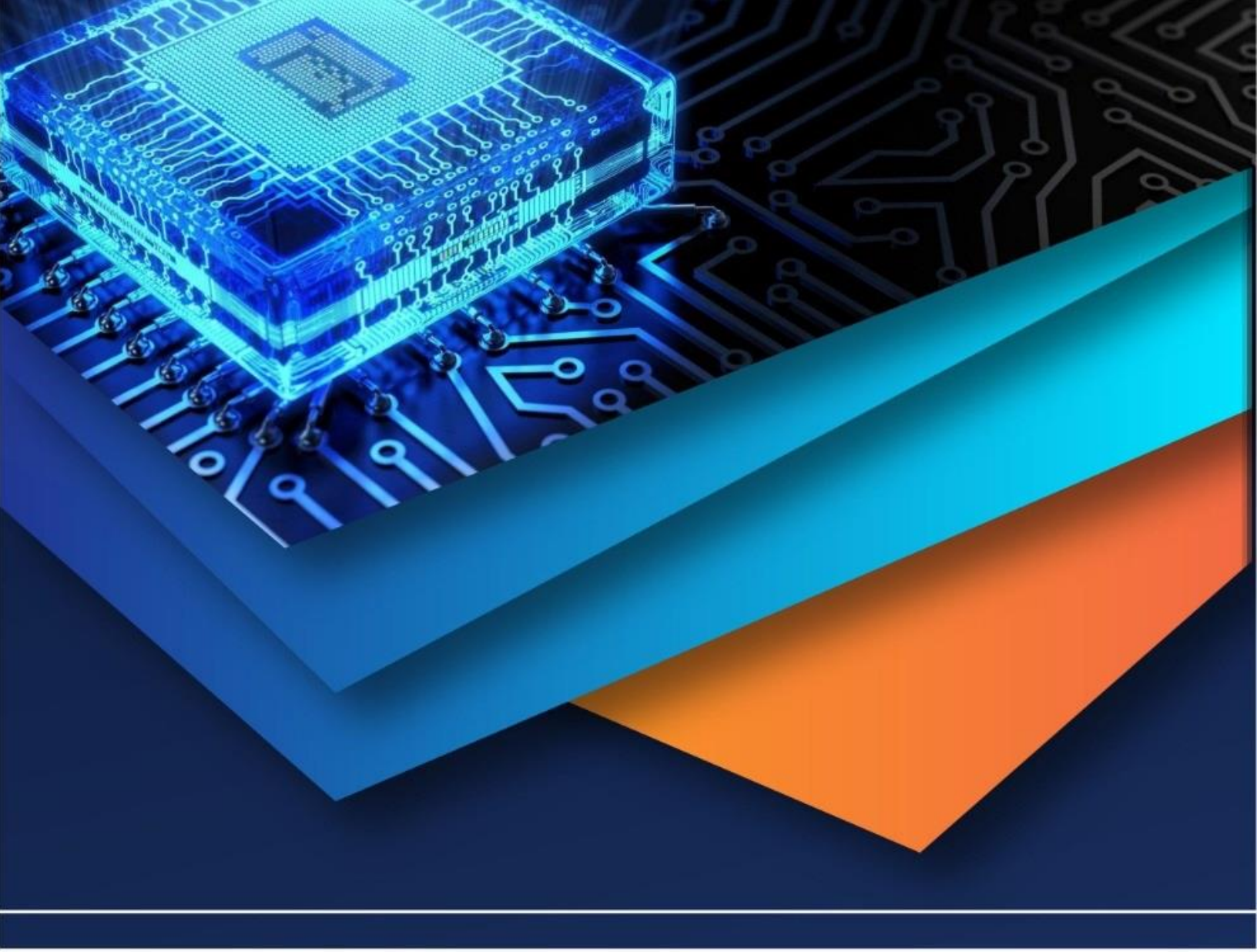

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