Industry Review – H1 FY18
Industry Outlook – FY18

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Overview

As we are progressing towards the second half of FY18, Care Ratings has provided a quick recap on the happenings of the major industries which influence the Indian Economy. The economy has been under pressure with the industrial output for September being lower than the earlier months and with both the CPI as well WPI, rising to half yearly highs in October. This has also been reflected in the Q2 corporate performance with slowing growth in net sales and erosion in the net profits.

However, with a comfortable trade deficit, a reduction in the GST on a number of commodities and a near normal rainfall (5% deficit), the outlook for the sectors remains positive.

Automobiles

Table 1: Production of Automobiles in Numbers (Apr-Sep)

	FY17	FY18	Y-o-Y Growth (%)
Passenger Vehicles	1,865,224	1,962,131	5.2
Commercial Vehicles	394,549	373,048	-5.4
Two & three Wheelers	11,181,747	12,340,649	10.4
Total	13,441,520	14,675,828	9.2

Source: CMIE

Table 2: Sales of Automobiles in Numbers (Apr-Sep)

	FY17	FY18	Y-o-Y Growth (%)
Passenger Vehicles	1,862,253	1,994,001	7.1
Commercial Vehicles	389,482	393,368	1.0
Two & three Wheelers	11,161,738	12,310,015	10.3
Total	13,413,473	14,697,384	9.6

Source: CMIE

Table 3: Exports of Automobiles in Numbers (Apr-Sep)

	FY17	FY18	Y-o-Y Growth (%)
Passenger Vehicles	368,214	363,056	-1.4
Commercial Vehicles	56,001	40,026	-28.5
Two & three Wheelers	1,333,972	1,543,338	15.7
Total	1,758,187	1,946,420	10.7

Source: CMIE

In H1 FY18, total automobiles sales increased by about 9.6% on back of release of pent-up demand post demonetization and uncertainties revolving around GST implementation. Post implementation of GST, cess on passenger cars was again increased in August 2017. However, festive demand in Q2 FY18 led to the overall pickup in demand during H1. Also, with many players offering attractive discounts and new model launches, demand for passenger vehicles and two wheelers recorded 7.1% and 10.3% y-o-y growth during the period. Near normal monsoon in most parts of the country along with increased farm income also supported sales during H1 FY18.

Going forward, in FY18, CARE Ratings expects the auto industry to witness gradual pickup in demand on back of release of pent up demand post the disruptions led by the effect of demonetization, ban on BS-III vehicles and GST implementation begins to moderate starting Q3 FY18 expected to continue in Q4 FY18. *Also, demand is expected to improve on back of various initiatives taken by the government in the Union Budget 2018. Reduction in tax burden for individuals with income below Rs 5 lakhs is likely to have positive impact on the two-wheelers and passenger cars demand. Also, improved consumer sentiments post the Seventh Pay Commission by the Centre as well as salary revisions by States is expected to boost the demand.*

However, on the other hand, according to Society of Indian Automobile Manufacturers (SIAM), despite revival in domestic economy, rising fuel cost is expected to hamper the growth of the industry in the second half of FY18. According to SIAM, the rising fuel price is expected to increase automobile ownership costs by 3-5%. Slowdown in economic growth, increase in commodity prices and frequent policy changes are the key concerns for the growth of the industry. According to SIAM presentation, oil prices are expected to remain higher (~$50-55/barrel in 2017 from $42/barrel in 2016). This will contribute to the increase in cost of ownership.

Construction Materials: Cement and Paints

~Cement

Cement production fell by 2% during H1FY17. The industry produced 136.5 million tonnes of cement as against 139.2 million tonnes during the same period last year. The industry has been witnessing subdued demand on the back a tepid real estate market which constitutes 2/3rd of the demand for the industry.

Outlook for FY18

- *Demand for cement industry is expected to improve during the second half of the year. Government's new schemes-for development of ports under "Sagarmala" and nation-wide road-network development under "Bharatmala" are expected to aid growth in cement consumption.*

- *Housing sector which has been subdued on the back of demonetization and RERA shock, which lead rapid fall in new inventory addition of housing units, is expected to witness some recovery especially in tier 2 and tier 3 markets beginning Q4 FY18. Most of this new demand for housing would be in the low ticket housing unit segment which is covered under the Pradhan Mantri Awas Yojana.*

- ***We expect the cement consumption to grow by 3-4.5% during the year as estimated in our earlier update**.*

~Paints

In the financial year 2016-17, value of the paints industry grew by 8% on a y-o-y basis. This was backed by an increase in disposable income, rising urbanization, focus on housing, rural growth, rise in automotive segment, increasing trend of nuclear families, reduction in average repainting cycle on account of improvement in disposable income and lifestyle etc. The growth of paints industry is dependent on the growth of its two segments, decorative and industrial.

In the financial year 2017-18, factors such as roll out of Seventh Pay Commission, salary revisions by States, normal monsoon, schemes for affordable housing, expected improvement in industrial output and growth in automotive segment are likely to augur well for the paints industry. CARE Ratings thus expects paints industry to grow by 8-10% in 2017-18.

Energy: Coal, Oil and Gas and Power

~Coal

Coal production from countries largest coal miners viz. Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) produced 259.7 MT of coal during the H1 FY18 period, a mere 1.3% growth of production over last year's production. Production target achieved for H1 FY18 stood at 86.6% whereas the same for the corresponding period in the previous year stood at 90%.

Coal dispatch to power sector grew by 7.1% at 229.5 MT during H1. During the current fiscal, power producers with PPAs were provided linkage to domestic coal under the SHAKTI Scheme.

Outlook for FY18:

- *Domestic coal production is expected to recover but unlikely to achieve targets. Coal India Limited had revised its yearly production target to 600MT from 660MT due to tepid demand from the power sector. Out of this, the Company has been able to produce 231.9 MT of coal during the first half.*

- *Lack of infrastructure especially evacuation and transportation of coal to the users is a major bottleneck for the industry. We expect the same to normalize in the coming quarters.*

~Oil and Gas

- ***Crude Oil***

Table 4: Production of Crude Oil (Quantity in terms of Barrels)

	H1- FY17	H1 FY18	% Change
Production of Crude Oil	132.4	132.1	-0.2%

Source: PPAC

Table 5: Prices of Indian Basket of Crude Oil (in terms of $/Barrels)

	H1- FY17	H1- FY18	% Change
Indian Crude Basket	44.4	50.5	13.6%

Source: CMIE

Production of crude oil has dipped due to poor performance of fields under Production Sharing Contracts (PSC). Indian Crude oil basket has been rising on account for rising oil prices globally as well.

For the coming months, ***Care Ratings believes that there won't be much of a pick-up in production of domestic crude oil and we expect the prices of crude oil (Indian Basket) to range around $55-$57/bbl till FY18, due to the cut down of production by OPEC countries and Russia.***

- ***Natural Gas***

Table 6: Production of Domestic Natural Gas (Quantity in terms of BCM)

	H1- FY17	H1- FY18	% Change
Domestic Natural Gas	15.2	16.0	5%

Source: PPAC

Table 7: Prices of Domestic Natural Gas (in terms of $/MMbtu)

	1st Apr'16 – 30th Sep'16	1st Apr'17 – 30th Sep'17	% Change
Domestic Natural Gas Price	3.06	2.48	-19.0%

Source: PPAC

Domestic production of natural gas seems to have commenced on a positive note for the current financial year as there has been a 5% from the domestic production comparing to the corresponding period last year. Reason for the increase in production could be attributed to the favorable policies which are adapted to enhance domestic exploration and production of oil and natural gas and due to the aim of reducing import dependency by 10% by 2022. India is also on the move to shift towards a gas based economy.

Since price of domestic gas is benchmarked on using weighted average or rates prevalent in gas-surplus economies at Henry Hub of US, National Balancing Point of the UK, rates in Alberta (Canada) and Russia with a lag of one quarter, due to fall of natural gas prices in foreign markets, domestic gas price which prevails for a period of 6 months has also declined.

Care Ratings has estimated the overall gas production for the Financial Year 2017-18 to be at 32.6BCM. So far till H1-FY18 the production has been 16BCM, going forward domestic gas produced should reach a level of 16.6BCM for the remaining financial year, i.e. H1-FY18.

Prices for the 1st October 2017-31st March 2018 have already been determined at $2.89/MMbtu at a GCV basis.

~Power

Electricity generation during H1FY18 stood at 611.2 BU clocking a growth of 4.6% over the previous year. In terms of capacity addition, 4.6GW of new capacity was added in comparison to 3.9GW of capacity added in the corresponding period during the previous year. Thermal capacity addition stood at 4.3GW during H1 FY18. All India installed capacity grew by 7.5% to 329.3 GW as on 30th Sept 2017 compared to 306.3 GW as on 30th Sept 2016.

All India PLF for thermal plants has improved marginally at 59.8% during H1FY18 which stood at 58.8% for the corresponding period during the previous year.

Renewable energy generation: Electricity generated from renewable energy sources stood at 56.7 BU during H1 FY18, a 20% growth in electricity generated in the corresponding period during the previous year.

Outlook for FY18:

- *SAUBHAGYA scheme implementation would contribute to growth in demand for electricity in the next 12-months*.
- *Issue of disruption in power generation due to coal shortage is expected to be addressed during the second half of FY18.*
- *We expect electricity generation to grow in the range of 5.5-6.5% for FY18 over FY17.*

Food Products: Edible Oils, Sugar

~Edible oils

According to Solvent Extractor's Association of India (SEA), imports of edible oils increased by 3.5% to 15.1 million tonnes in the previous oil year November 2016-October 2017 compared to the corresponding period a year ago. The rise in imports was despite a growth in edible oil production, the output is estimated to have grown by 17.4% y-o-y to 7.68 million tonnes in oil year 2016-17.

Edible oil production is expected to fall in the ongoing oil year 2017-18 due to lower availability of oilseeds for crushing. As per first advance estimates released by Department of Agriculture, Cooperation and Farmers Welfare, kharif oilseeds production is anticipated to drop by 7.7% on a y-o y basis to 20.68 million tonnes for 2017-18 driven by 11.4% fall in production of soyabean oilseeds to 12.2 million tonnes. Also, the area covered under rabi oilseeds for 2017-18 is lower by

2.8%. ***Consumption on the other hand is expected to rise steadily. India will therefore continue to depend on imports of edible oils to fulfil the domestic requirements and thus imports are expected to remain higher in the ongoing oil year 2017-18 on a y-o-y basis.***

~Sugar

Sugar production in India declined in each of the sugar seasons during October 2015-September 2017 due to lower availability of sugarcane. Nevertheless, the situation is expected to improve in the current sugar year with an increase in availability of sugarcane. ***CARE Ratings thus expects sugar output to rise by 23.8% y-o-y to 25 million tonnes in 2017-18. Consumption, on the other hand, is anticipated to remain close to 25 million tonnes during the year.***

To fulfil the consumption requirements, the country will have 29.3 million tonnes of sugar. This includes production of 25 million tonnes, imports of 0.3 million tonnes (the government had allowed import of 0.3 million tonnes of raw sugar in September 2017 at a discounted import duty of 25%) and opening stock of 3.9 million tonnes as estimated by ISMA (Indian Sugar Mills Association).

Therefore after meeting consumption requirements, the country will have a closing stock of 4.2 million tonnes for 2017-18. This however will not be sufficient to meet the three months requirements of sugar stock for the next season ***which is likely to keep the prices steady during the season 2017-18.*** India generally keeps a normative requirement of three months stock for the next year. ***In addition to this, almost at par consumption with production during 2017-18 is also expected to keep the prices stable.***

During 2015-16 and 2016-17, the prices had increased by 27.2% and 14.2% on a y-o-y basis and had averaged at Rs.33.2 per kg and Rs.37.9 per kg, respectively, primarily on account of lower sugar production.

Infrastructure: Ports

~Ports: (Major Ports)

Major ports continued to post increase in cargo handled during H1 FY18. During the period, major ports recorded a growth of 3.2% in cargo handled at 326 MT compared to 316 MT for the corresponding period during the previous year.

In H1FY18, highest growth in cargo handled was registered by Cochin Port (19.62%), followed by Kolkata [incl. Haldia], New Mangalore, Paradip with growth of about 12%.

Kandla Port handled the highest volume of traffic i.e. 53.29 Million tonnes (16.33% share), followed by Paradip with 47.61 Million Tonnes (14.59% share), JNPT with 32.69 Million Tonnes (10.02% share), Mumbai with 31.23 Million Tonnes (9.57% share), and Visakhapatnam with 30.15 Million Tonnes (9.24% share). Together, these five ports handled around 60% of Major Port Traffic.

Commodity-wise, percentage share of Petroleum, Oil and Lubricants (POL) was maximum i.e. 34.01% (27% FY17), followed by Container (20.22% vs 19.6% FY17), Coal (20.2% vs 23.4% FY17), Iron Ore & Pellets (6.65% vs 5.66% FY17), Fertilizer and FRM (2.35% vs 2.5% FY17).

Outlook for FY18:

- *POL and Container shipments would continue to lead in terms of cargo handled with containers expected to constitute 25% of the total cargo handled across Indian ports by the end of FY19.*

- *Coal which witnessed a fall in imports during the first half of the year is expected to recover during H2 FY18.*

Metals: Aluminium, Copper, Steel

~Aluminium

Table 8: Domestic Production of Aluminium (Quantity in terms of KT)

	H1- FY17	H1- FY18	% Change
Aluminium Production	855.3	885.6	3.5%

Source: Ministry of Mines

Table 9: Global Aluminium Prices (In terms of $/tonnes)

	H1-FY17	H1-FY18	% Change
Global Aluminium Prices	1596	1961	23%

Source: LME

Increase in aluminium production can be attributed to improved operational efficiencies of the manufacturing units. The Alumina production for H1- FY18 was 3044 KT.

Closure of excess production capacity has provided additional impetus of prices of aluminium prices to rise. The Chinese government has been cracking down on aluminium smelters that are excessively polluting. The government's efforts are expected to translate into the closure of around 4 million MT or around 10% of the country's total smelting capacity. China produces around 54% of primary aluminium so an effect of closure of production is enough to get the prices moving.

As per Care Ratings estimates, domestic production of Aluminium for the FY 2017-18 is to be 2940 KT. We assume the production for H2- FY18 will be 2054 KT. Prices of Aluminium globally to rise as there is a pickup of demand for Aluminium from the European markets. Care Ratings believes prices will range between $1900- $21000/ Tonnes for the coming next quarters but it won't go beyond $2100/tonnes.

~Copper

Table 10: Domestic Production of Copper Cathodes (Quantity in terms of KT)

	H1- FY17	H1- FY18	% Change
Copper Cathodes Production	374.3	414.4	10.7%

Source: Care Ratings & Industry

Table 11: Global Copper Prices (In terms of $/tonnes)

	H1-FY17	H1-FY18	% Change
Global Copper Prices	4758	6004	26%

Source: LME

Copper Cathodes production for the H1-FY18 period has been robust registering a 10.7% growth comparing it with the corresponding period in the previous year. This growth can be attributed to the improved operational efficiencies of the smelters.

Copper prices rose on the account of robust economic and manufacturing activities in China, Europe and the U.S. Supply cuts from Chinese Smelters has also pushed the prices of copper up.

TC/RC has been moderate during the first half of the FY 2017-18, one of the key reason being as the world's largest supplier of copper, China has been cutting supply.

Care Ratings Estimates the production of domestic copper cathodes to be stable at the same levels, as it has been in the first half of the year. Copper prices will tend to be volatile and will rise, but it will not go above the $7000/tonne on an average till the end of FY18

~Steel

In the first six months of the current financial year 2017-18, finished steel production grew by 5.5% to 52.2 million tonnes on a y-o-y basis. This production growth rate is lower than what was expected and the output in the second half is likely to grow at a similar pace. ***Thus, we downward revise our production growth estimates to 6-8% for 2017-18 from our earlier estimate of 8-10%.***

Higher steel production in the coming months will be backed by various initiatives undertaken by the government. The approval given by the Union Cabinet for National Steel Policy is an indication of government's support towards the industry. Also, stabilizing situations after implementation of GST is expected to improve the demand for steel, in turn, its production.

During April-October 2017, flat steel prices (HR coils and CR coils) and long steel products (bars/rods) averaged higher by 14-19% compared to the corresponding period a year ago backed by improved domestic consumption and higher international steel prices. ***CARE Ratings expects the steel prices to remain firm in the coming months on account of likely improvement in international steel prices backed by better outlook for global steel industry. In addition to this, production cuts by the Chinese government to reduce over capacity and handle pollution will also support the steel prices***.

Textiles: Cotton & Cotton Yarn, MMF

~Cotton & Cotton Yarn:

- ***Cotton***

Acreage for cotton in the country is estimated at 10.5 million hectares in cotton season 2016-17, lower by about 11.6% y-o-y. Production in CS17 increased only marginally by about 1% to 5.7 billion kgs after declining by over 8% y-o-y in CS16. Domestic prices of widely used variety of cotton – J-34 and S-6 increased by a sharp 22% and 23% y-o-y in CS17.

As per the first estimates released by the Cotton Association of India (CAI) on November 14, 2017, the acreage for cotton in CS18 is set to increase by over 19%. However, the yields are expected to be lower by 8-9% owing to damage caused by the pest attacks. Production therefore is set to increase by about 11% to 6.4 billion kgs in the current cotton season. Imports are expected to witness a sharp fall of about 37% y-o-y and the prices are expected to moderate on back of higher availability in the domestic market.

- ***Cotton yarn***

In FY18 (Apr-Aug), production continued to decline marginally by 1.7% y-o-y to 1,693 thousand tonnes vis-à-vis 1,723 thousand tonnes produced during the corresponding period last year on back of sluggish demand in the domestic market as well as substitution taking place from Man-made Fibres (MMF). Cotton yarn prices increased by about 9% on a y-o-y to an average of Rs 257 per kg during FY18 (Apr-Aug).

Cotton yarn prices are highly volatile due to volatility in the demand (depending on price of the substitute – synthetic yarn), which is majorly impacted by exports of cotton and cotton yarn. India exports around 15-20% of cotton and 30–40% of cotton yarn. Therefore, even a minute change in the exports demand supply scenario will significantly impact domestic prices and thereby the margins of the yarn spinners.

~Man-made Fibres (MMF):

The domestic MMF industry mainly comprises of two components i.e., polyester and viscose, which together accounts for about 94% (in volume terms) as of FY17. After increasing only marginally by about 0.5% in FY17, MMF production witnessed an increase of about 5.5% y-o-y during FY18 (Apr-Aug) and reached 1,114 million kgs. In FY18 (Apr-Aug), domestic prices of PSF (Polyester staple fiber) increased by 5.5% to Rs 93.7 per kg, PFY (polyester filament yarn) increased by about 10% to Rs 103.4 per kg, that of VSF (Viscose staple fibre) reached Rs 182.4 per kg increasing by a sharp 12.8% y-o-y. However, prices of VFY (viscose filament yarn) declined marginally by about 1.4% during the period and averaged at Rs 361.2 per kg in the domestic market.

On back of expected revival in the domestic economy, CARE Ratings expects MMF consumption to remain relatively stable in the short to medium term. With an overall improvement in global economy, increased demand for technical textiles and constrained cotton availability in the long term, we expect polyester consumption to register a gradual pick up*. Also, with downward revision in GST rates from 18% to 12% in October 2017 and increase in import duties on various synthetic yarns and fibres, the domestic industry is expected to remain competitive vis-à-vis global players***.

Others: Drugs & Pharma, Fertilizer, Gems & Jewellery, Paper, Telecom

~Drugs & Pharma

As per CMIE, drugs and pharma exports from India declined marginally by 0.8% on a y-o-y basis to USD 8.3 billion in the first six months April-September 2017 of the financial year 2017-18. Of this, exports to USA (that account for around 30% of the total exports from India) fell by 12.1% to USD 2.5 billion. Increase in scrutiny, regulatory intervention which raised quality and compliance issues with the USFDA impacted the export sales. This was also coupled by price erosion in the generic market in USA due to consolidation of distribution channels and increase in competition.

CARE Ratings expect the Indian pharma companies will continue to witness pricing pressure in the US generics market due to consolidation of distribution channels and increase in competition. Also, they will continue to face stricter regulations from USFDA.

The pharma export volumes from India to USA however are expected to rise. This will be backed by about USD 55 billion expected sales gain to generics drugs on account of branded drugs going off patent during 2017-19 which will create an opportunity for CRAMS segment. ***We expect growth rate for CRAMS to be higher compared to average growth rate of the industry. These factors are likely to support pharma exports from India.***

~Fertilizer

Table 12: Total Fertilizer Production (Quantity in terms of LMT)

	H1- FY17	H1- FY18	% Change
Overall Fertilizer Production	205.9	201.1	-2.3%

Source: DIPP

Fertilizer production has been low since this financial year as all the companies are in the process of destocking and liquidating their inventories. During the first half of FY 18 production scenario, urea dominates about 57% of the overall fertilizer production, which is almost the same during the entire FY 2016-17 domestic fertilizer production.

Going forward, ***Care Ratings expects there to be a pickup in production during the second half of the year as the sowing season for Rabi crops begins (October-March).***

~Gems and Jewellery

As per the World Gold Council, gold demand declined by 24% in Q2 FY17 to 146 tonnes due to high prices and the implementation of the Goods & Services Tax (GST) and Prevention of Money Laundering Act (PMLA). Jewellery also fell by 25% to 115 tonnes, while demand for investments declined by 23% to 31 tonnes

Care Ratings expects overall domestic gems & jewellery demand to witness a growth of 6% - 7% in volume terms. Domestic retail jewellery segment is expected to see double digit growth rates in revenue in FY18 on back of regulatory headwinds fading out and continued favorable demographics. ***Care Ratings continues to believe the pressure on profit margins for cut & polish diamond players would continue, given the lackluster demand for global diamond jewellery.***

~Paper

Table 13: Production of Paper and News Paper (Quantity in terms of mn tonnes)

Production	H1 FY16	H1 FY17	H1 FY18	Y o Y Growth	
				FY17	FY18
Paper (excl. Newsprint)	5.15	5.68	5.83	10.3%	2.7%
Newsprint	0.52	0.52	0.47	-0.7%	-10.2%
Total	5.67	6.20	6.30	**9.3%**	**1.6%**

Source: CMIE

Production of Paper and Newsprint increased marginally by 1.6% in H1 FY18 to 6.3 million tonnes from 6.2 million tonnes in H1- FY17. This reflects against increase of 9.3% in H1 FY17 compared to H1 FY16. Paper production increased by 2.7% to 5.83 million tonnes in H1 FY18 as compared to an increase of 10.3% in H1 FY17. Newsprint production decelerated by 10.2% in H1FY18 to 0.47 million tonnes from 0.52 million tonnes in H1 FY17.

The deterioration in domestic production is due primarily to a shortage as well as comparatively higher cost of raw materials and a sharp increase of cheaper imports. Imports are also increasing with the implementation of the duty free structure on imports from ASEAN countries. Imports of paper rose by 45% to 0.47 million tonnes during April-June 2017 as per the Directorate General of Commercial Intelligence and Statistics (DGCI&S). Duty-free import from ASEAN countries has more than doubled from 42,600 tonnes to 95,200 tonnes during the same period. However, in November 2017, the

Government of India has initiated an anti-dumping probe into cheap import of 'uncoated paper' from Indonesia, Thailand and Singapore as the Directorate General of Anti-Dumping and Allied Duties (DGAD) has apparently identified 'sufficient prima facie evidence' of dumping of uncoated paper.

Domestic demand for the Indian paper industry has been robust. **Care Ratings expects the overall paper demand to grow a approximately 6% to 7% in FY18.**The growth would be driven by a combination of factors such as requirement of better quality packaging of FMCG products marketed through organized retail, improving literacy rates, continued government spending on education through the Sarva Shiksha Abhiyan, increasing number of newspapers and magazines, growing per capita expenditure, rapid urbanization and a larger proportion of earning population is expected to lead consumption.

~Telecom

According to TRAI as on August 2017, Airtel led the wireless subscribers' base with a share of 23.7% that represented 281.04 million subscribers followed by Vodafone, Idea, Reliance Jio, BSNL, Aircel with a share of 17.6%, 16.1%, 11.2%, 8.9%, 7.5%, respectively. The total wireless subscribers' base as on August 2017 stood at 1,185.84 million.

Reliance Jio completed one year of its operation in August 2017, the company has launched its services in September 2016 by offering freebies in the initial months of its launch. After a year, while Reliance Jio was able to grab a share of 11.2%, majority of the players saw erosion in their market share with respect to subscriber base as on August 2017 on a y-o-y basis. Market share of large players like Airtel, Vodafone, Idea and that of other players like Aircel, Reliance Communications and Tata eroded by 1.08%-1.95% on a yearly basis, while BSNL was able to almost retain its share as it contracted by a marginal 10 basis points to 8.88%.

In addition to this, the industry also saw announcement of various major events like merger of Vodafone-Idea, acquisition of Tata Teleservices Ltd by Bharti Airtel, merger of Reliance Communications-Sistema Shyam Teleservices Ltd (SSTL), decision of Reliance Communications to adopt a 4G focussed strategy and thus optimizing its 2G and 3G footprint with effect from 30 November 2017 among others.

Moreover, the entry of Reliance Jio also impacted the industry's Average Revenue Per User (ARPU). The all-India GSM ARPU that was Rs.126 in the June 2016 quarter declined on a sequential basis in each of the coming quarters and fell to Rs.80 in the June 2017 quarter. ***Though intense competition in the sector keeps the ARPU under pressure, the norm of bundled plans along with the disrupt entrant Reliance Jio revising its tariff provides an opportunity to the telecom players to improve their ARPU in due course.***

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