

## **Survival of Vodafone Idea (VI) in India**

Vodafone India was a UK based telecom company which started its operations in India after purchasing an Indian company Hutch Essar and registered with the name of Vodafone India Ltd. In 2007, Vodafone faced a tax dispute with Indian Tax Department over its purchase of Hutch Essar, but in 2012, Vodafone got relief when Indian Supreme Court passed the judgement in favor of Vodafone. Idea Cellular Limited (Known as Idea) was an Indian Mobile network operator.

After the entry of Reliance Jio in 2016, Indian telecom sector has been passes through a difficult phase. Due to lower tariff plans, Jio grew its operations at a very fast pace and enhance its subscribers. Reliance Jio entered in telecom sector on September 5, 2016 and by December, Jio reached the customer base of 18.43 percent while Vodafone, Idea and Airtel had 16.62 percent, 12.41 percent and 21.43 percent respectively. To Compete with Jio and Airtel, Vodafone India and Idea announced its merger in 2017 and finally on August 30, 2018, National Company Law Tribunal gave the final nod to the Vodafone Idea merger and named Vodafone Idea Limited. This merger results into the largest company in India by subscribers and revenue. It was the biggest merger between telecom companies in the world. According to the deal, Vodafone group holds 45.2 percent, Aditya Birla Group holds 26 percent and remaining shares by the public. In 2020, Vodafone idea limited renamed Vi to give one unified brand identity.

After merger, Idea had started to give 4G services to Delhi and Kolkata via Vodafone network and Vodafone started 4G services in Madhya Pradesh & Chhattisgarh, Bihar & Jharkhand, Andhra Pradesh & Telangana, Himachal Pradesh and Jammu & Kashmir via Idea network. By march 2019, Vi enhanced its services and access to consumers which reduces network issues. Despite all this, Vi with about 27 million subscribers was heavily in debt owing the Government Rs. 96300 crore in deferred spectrum payments and Rs. 61000 crore in Adjusted Gross Revenue (AGR) liabilities. Vodafone Idea moved to Supreme Court in this AGR issue and plea for re-computation of AGR. Supreme Court dismissed the plea of Vi and this impacted adversely on Vi share price. Vodafone Group from UK also denied for any kind of financial help to the company. After merger, Vi did not realize any gain in any quarter and already in high debt & loss. Vi was finding it very difficult to maintain its subscribers. In April 2020 and April 2021, Vi lost 32.74 million subscribers while other companies such as

Airtel & Jio got increase in subscriber base. Vi's Average Revenue Per User (ARPU), a financial performance measure stood at Rs. 107 as compared to Rs. 138.2 for Jio and Rs. 145 for Airtel. So Vi was not able to earn from existing subscribers also. Vi plea for some relief and told that if it had to pay this huge amount, Company would have no choice to go for bankruptcy and this would be the end of Vi in India. In September 2020, Supreme Court Ordered to pay their AGR dues in ten installments starting march 2022 after clearing 10 percent of the dues by march 2021. Vi is expecting further relief from government and if it gets it, it would be very critical factor for Vi's survival in India.

