

According to ICRA, the telecom industry is on the recovery path and would stabilise as soon as the Vodafone-Idea merger is finalised and subscriber base of existing operators declines. {K2Splitter} According to ICRA, the telecom industry is on the recovery path and would stabilise as soon as the Vodafone-Idea merger is finalised and subscriber base of existing operators declines.

Further, in the long run the recovery in the sector would rely on a consolidated structure, better pricing power and sustained data usage. Additionally, the debt levels of the industry are expected to decline with the help of asset monetisation and promoter funding.

Earlier, the Indian telecom industry witnessed consistent downward pricing which led to a fall in average revenue per user (ARPU). This coupled with high operating leverage of the industry resulted in a fall in profitability and cashflows.

Finally, ICRA stated that the capital expenditure (capex) requirement is coming from network expansion, technology upgradation, and greater fiberisation which can prove vital for data-heavy usage.

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