

PDF - THE ECONOMY IMPACT OF THE DEREGULATION OF THE TELECOMMUNICATION INDUSTRY IN NIGERIA - researchcub.info

This project has helped us know that deregulating the Telecom sector has contributed immensely to the Nigeria Economy positively. In order to get this, we looked at deregulation in the real sense, what deregulating the telecom sector means and its impact on the economy. A descriptive method was employed in looking at this topic based on the usefulness in accomplishing a task.

This findings revealed that the economy has been affected positively through the deregulation of the telecommunication sector in Nigeria, and has led to nation. building to a great extent.

CHAPTER ONE

Introduction

By development of Telecom in Nigeria started in 1886 with the laying of the first telegraphic submarine cable by the British firm cable and wireless Limited. The Nigerian government joined the British firm as a senior partner under the name Nigeria External Telecommunication Ltd. (NET) in 1962.

By 1984/85 Nigeria separated postal and telecom function of party department, consequently NITEL was crated and telecom services became commercial. NITEL due to its monopoly network could not meet up with public expectations and demands and this led to government decision to partially liberalize Nigeria Telecommunication sector via the promulgation of the Nigeria communication decree 1992.

However, despite the huge potential offered by the Nigeria telecom market, the progress was slow. A new policy was released in year 2000 which now serve as the blueprint for full liberalization of the telecom industry and as at today the market is the biggest and fastest growing in Africa and the eight fastest growing in the world.

1.1.2 (Pre-Independence Era)

Telecommunications in Nigeria began in 1886 when a cable connection was established between Lagos and the colonial office in London. By 1893 government offices in Lagos were provided with telephone service which was later extended to Ilorin and Jebba in the hinterland. A slow but steady process of development in the years that followed to the gradual formation of the nucleus of a national telecommunication network.

In 1923, the first commercial trunk telephone service between Itu and Calabar was established.

Between 1946and 1952, a three channel line carrier system was commission between Lagos and Ibadan, and later was extended to Osogbo, Kaduna, Kano, Benin and Enugu; thus connecting the colonial office in London with Lagos and the commercial centres in the country with Local authority offices.

The main transmission medium during the pre-independence era was unshielded twisted pair. This evolved later from rural carrier systems on high gauge lines to line carrier systems of twelve channel capacity systems. Salloto medium-capacity systems employing VHF and UHF radio were introduced around 1955. The first serious attempt at planning telecommunications services in the country was the 1955-1962 development programme.

It provided for the expansion of the trunk using a VHF multichannel radio system on a nationwide basis and a short microwave link between Lagos and Ibadan.

1.1.3 Post colonial Era

Nigeria embarked on a periodic national development plan with the attainment of independence in 1960. Telecommunication development was featured in each of these plans which were usually of a five year

duration.

The focus of attention in this period was the expansion of the network to meet the needs of the fledging commercial and industrial.

The specific objectives includes:-

- Installation of additional 60,000 telephone lines to bring the total number of lines to 90,000 by the end of the decade.

- Expansion of trunk dialing facilities to link the major urban centres that were then springing centres that were then springing up. Establishment of the Nigeria External telecommunications (NET) limited. Unfortunately, only 26,000 lines i.e 40% could be added to the existing network partly because of under funding and partly because of disruption caused to the economy by the Nigerian Civil War (1967-1970). Nevertheless, there are some achievement which includes:-

Installation of a microwave radio transmission system to link the cities of Lagos, Ibadan, Enugu, Benin and Port Harcourt all of which are in the southern part of Nigeria's transmission system. Preparatory work toward the establishment of NET as a limited liability company also started.

1.1.4 Plan Period

It aimed at increasing the telephone facilities from 50,000 lines to 750,000 lines an increase of about 1,400%. In the area of switching, three contracts were awarded to add over 340,000 lines to Nigeria's networks.

- In the first contract for the contingency loan - forty five locations were to receive exchanges with a total installation capacity of 162,000 lines and twelve other exchange were to be expanded by 48,000 lines.

- The second covered turnkey projects 147 locations to receive external line plant and switching equipment to add an additional 121,000 lines.

- The third contract covered mobile exchange provided for installation of 29 mobile exchange with 11,300 lines.

It was envisaged that the total number of installed telephone lines in Nigeria at the end of the plan period would increase to 612,000.

During this period, the telecommunication arm of the Department of Posts and Telecommunications was merged with the Nigerian External Telecommunications Ltd. (NITEL) a limited liability company that today administers both Internal and External telecommunications services in Nigeria.

1.1.5 The Present

Nigeria is widely recognized as one of the major markets for telecommunications business opportunities in the world with a population of over 140 million. Since the democratic governance of the world had turned to Nigeria as the country with the highest potential. Nigeria has continued to attract the attention of serious local and foreign investors.

Though some companies were given licenses to operate before 1999, full market liberalization only commenced in earnest with government enacting a new telecom. Policy document in September 2000, produced after full stakeholder consultations. The telecommunication was finally deregulated in 2001 and this change the story of the sector. Unlike the days when it was just NITEL that people will have to wait for so many years to get their lines fixed after paying huge amount of money , and so many does have that privilege and so will have to go to call thereby waiting for ages because of the long queue.

In 2003 a new law was enacted to boost investors confidence and provide clear rules of engagement for

industry stakeholders. Private investment in the sector has grown from about 150m in 1999 to over \$25 billion by 2010 with commensurate rapid growth in subscriber lines. The nations teledensity stands at about 65% with about 89 million connected lines by end of 2010.

In fact by year 2000, Nigeria had only 400,000 connected telephone line and 25,000 analogue mobile lines. The total teledensity stood at a paltry 0.4 lines per 100 inhabitants. Between 1960 and 2000 the number of connected lines grew at an average of 10,000 lines per annum but since 2001 it has witnessed an average growth rate of over 10 million lines per annum. By end of 2010 Nigeria had attained over 80 million lines and the teledensity figures soared from 0.4lines per 100 inhabitants recorded in 1999to 65 lines per 100 inhabitants by the end of 2010.

1.2 STATEMENT OF PROBLEM.

Given the magnitude of economic problems which confronted Nigeria.

Since the early 1980s Stagnant growth rising inflation, unemployment, food shortages and mounding external debts, The economic reforms became paramount and telecommunication sector was equally reform to enhance a better communication system.

For many years it was an exclusive preserve of the government.

The sole operation was the government monopoly NITEL. As at January 2001 only 400,000 functional lines was on ground and more than half resided in the government offices and corporation, only a few of Nigerians had access to their own telephones.

The customers service was poor and subscribers waited for years to get phones installed after paying a high fee of about 150,000 and more long queues were common at public payphone boots, getting a dialing tone on phone was often impossible for hours especially during the peak hours, As Telecommunication improves business processes becomes more efficient and productive.

1.3 RESEARCH QUESTIONS.

Considering the projects topic. The economy impact of the deregulation of the telecommunication industry in Nigeria, solutions will be proffered to the following problems:-

- 1) Why do government deregulate the telecommunication industry in Nigeria?
- 2) What are the importance of deregulation to telecommunication industry?
- 3) What are the effects of deregulation on the growth of telecommunication industry in Nigeria.?
- 4) What benefit do governments derive from the growth of telecommunication industry?

1.4 OBJECTIVES OF THE STUDY

For every Endeavour of man on earth there are some objectives of this study include the following.

- 1) To trace the History of telecommunication in Nigeria.
- 2) To examine the effect of past government monopoly policy on telecommunication industry in Nigeria.
- 3) To enumerate measures of deregulation in the telecommunication industry.
- 4) To identify and examine the effect of deregulation on the growth of telecommunication industry in Nigeria.
- 5) To identify the challenges facing telecommunication industry in Nigeria.

1.5 SIGNIFICANCE OF STUDY

There are numerous benefits that could be gained from this study but I will enumerates two major significance which are academic importance and government Economic importance.

- Academic importance: This piece of research work will be of immense benefit to students aiming at

working on this aspect of the economy because they will be able to make use of the information therein.
-- Government / Economic importance. If government can adhere and stick to various facts which are generated through this research work, it will help in economic policy formulation of the country.

1.6 HYPOTHESIS

Ho...The telecommunication industries have not been positively affected by deregulation.

Hi...The telecommunication industries have been positively affected by deregulation.

1.7 RESEARCH METHODOLOGY

Primary data will be used to get enough information which will be relevant to the study and this 'will be done through the use of questionnaire. In light of this, percentage method will be used to test the validity of this research work.

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