

India had a dozen telecom operators in 2016. The survivors doubled ARPU

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Maxim: *In a troubled industry, buy the survivors.* — Peter Lynch, in substance

When an industry is in crisis, investors tend to flee all of it. The better question is who will still be standing when the weak have gone, and what they will be able to charge.

The worst years for an industry are often the best years to study it.

In March 2016 India had about a dozen mobile operators fighting over the same customers. Then a well-funded new entrant arrived offering free calls and almost free data, and a price war turned a crowded industry into a battlefield. Within four years most of the field had gone. Reliance Communications, Aircel and Videocon went into bankruptcy. Tata Teleservices and Telenor folded their businesses into Bharti Airtel. Vodafone and Idea merged to survive, and by November 2019 the shares of the combined company had fallen 95% from January 2018 to about ₹3, [Business Today reported](#). Citing the regulator, it said there would soon be only four players left.

Anyone who looked at Indian telecom in 2018 or 2019 saw a disaster. Companies were collapsing or merging, shareholders were being wiped out, and every few months seemed to bring a new casualty.

What happened to the survivors

Then the arithmetic of a thinner field took over. With fewer operators, price wars eased and tariffs rose. The industry's average revenue per user went from ₹98 in September 2019 to ₹193 in September 2024, and quarterly industry revenue nearly doubled, according to a Motilal Oswal report [cited by IANS](#). The number of subscribers barely changed. The same customers were simply paying more to fewer companies.

Bharti Airtel, the strongest of the old operators, was the biggest gainer. Its revenue grew about 2.6 times over those five years, and it captured nearly half of all the extra revenue the industry earned. The crisis that destroyed its weaker rivals handed it their customers, through mergers some of their spectrum, and eventually the pricing power that a crowded market had denied everyone.

The story is not that every survivor did well. Vodafone Idea survived, too, but with a balance sheet so stretched that it has struggled to keep pace. Surviving is necessary; it is not sufficient. The winner was the survivor with the financial strength to keep investing while others could not.

Lynch's lousy industries

Peter Lynch made this idea one of the central themes of *Beating the Street* (1993). "I'll take a lousy industry over a great industry anytime," he wrote, as a [review of his chapter on the subject](#) recounts. His reasoning was simple: in a slow-growing or troubled industry, "the weak drop out and the survivors get a bigger share of the market." A glamorous, fast-growing industry attracts new competitors; a miserable one drives them away.

His examples were deliberately dull: Dillard's in department stores, Nucor in steel, Crown Cork & Seal in cans, Southwest Airlines in a business famous for bankruptcies. What they had in common was not a great industry but a great position within a bad one: low costs, little debt, managers who spent carefully, and the strength to buy assets cheaply from struggling rivals. Not all of them kept winning forever; Crown's long-run return later lagged the market. But the principle held often enough to make his book.

The question for 2026

The idea is worth remembering this year. By late May 2026 the Indian IT index was down more than a third from its December 2024 level, [Invezz reported](#). Whether that proves a temporary slump or a lasting change is not knowable today. What investors can examine is which companies in any troubled sector have the balance sheets, costs and client relationships to come out larger if weaker competitors stumble. This article makes no call on any of them.

Telling a survivor from a casualty

When an industry is in trouble, five questions separate the likely survivors from the rest:

1. **Can it outlast the downturn without new money?** Look at debt, cash and how soon loans fall due. The survivor is usually the company that never has to raise capital at the bottom.
2. **Is it the low-cost producer?** In a price war, the company with the lowest costs can keep selling when others lose money on every sale.
3. **Is the field actually thinning?** Bankruptcies, mergers and exits are what eventually restore pricing. A troubled industry where nobody leaves can stay troubled for a decade.
4. **Can it pick up what others drop?** Customers, assets, licences or talent from failing rivals are often available cheaply, but only to those with money to spend.
5. **What is the market already assuming?** A survivor whose share price already reflects a full recovery offers little margin for error; one priced as if it were a casualty offers more.

A simple decision rule. In a troubled industry, consider only the company with the strongest balance sheet and lowest costs, and only once you can see competitors leaving. If you cannot tell which company that is, or the industry's distress shows no sign of reducing the number of players, stay away; a lousy industry without a shakeout is just a lousy industry.

Indian telecom in 2019 looked like a place to lose money, and for many investors it was. For those who asked Lynch's question, who will be left standing and what will they be able to charge, it was the start of one of the clearest recoveries in the market. The survivors did not need the industry to become great. They needed it to become smaller.

Sources

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- [India markets eye first annual drop since 2015 amid foreign outflows](#), Invezz, 27 May 2026

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