

RURAL TELEPHONY

Call waiting

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Posted online: Saturday, July 22, 2006 at 0000 hrs

At the current rate of growth, the number of phones for every 100 persons, or teledensity, will touch 15 in the next few months — about three years ahead of the target set in the New Telecom Policy of 1999 (NTP-1999). The same policy also set a teledensity target of 4 for rural areas by 2002. However, even four years past the due date, we are yet to reach 2. The target of a phone for every village by 1997 in the earlier telecom policy document of 1994 is unmet even today.



More urban subscribers were added in the first four

months of 2006 than in all rural areas since independence. Data from the Telecom Regulatory Authority of India (TRAI) indicates there are about 14 million phones in rural areas — roughly one-tenth of all phones in India. One-seventh of all villages are unconnected. Most experts say about one-fourth of rural phones may be out of order, as it is difficult to maintain equipment in areas where access to power, transport and roads is poor.

These numerical indicators and missed deadlines typify the difficulties involved in connecting villages as well as how the subject of rural telephony has been approached so far.

Telecommunications is critical to almost everything today — social contact, emergency relief, banking, health and education, among so many things — and this 'digital divide' in rural areas hurts those who may need access to communications more urgently than most.

There are significant challenges to rural connectivity. The terrain is usually rough. The cost of infrastructure, even with cheaper wireless technologies, is often hard to justify commercially, as demand is not concentrated. Erratic power supply may sometimes not be sufficient even to charge wireless desktops or mobile handsets.

Rural areas require more advanced technology, especially multimedia, to mitigate the challenges posed by unique variables like low levels of literacy and diverse languages. Broadband could be invaluable to meet the rural demand for information about livelihoods, governance and entertainment. So, any solution will have to reflect this complexity.

Targets are pointless if the underlying issues are not tackled robustly and in detail. For example, the expansion of communications services in rural is hindered by the licensing regime in the telecom sector. Existing licence holders — the big telecom operators — are going slow in expanding in the hinterland.

These areas are manifestly unattractive to them, in spite of the Universal Services Obligation Fund (USOF) — a pool created to support expansion of rural networks and financed by mandatory revenue-linked contributions from telecom operators — offering them subsidies to service rural areas. Local players with a presence on the ground, and possibly more customised technologies and creative business models, are interested, but they require expensive statewide licences.

In an impressive document in 2004, TRAI argued the Rs 8,000 crore lying with the USOF will achieve little with the current approach to providing subsidies for fixed-line phones. It instead advocated subsidies for shared infrastructure — like optical fibre and towers — deployed in rural areas. It reiterated its earlier recommendation to allow free licences to small, 'niche' operators willing to serve areas with a teledensity of less than 1. But, existing players, keen to protect their turf, are opposed to niche players. The government agrees, and is more comfortable only with the USOF subsidy being extended for shared infrastructure and mobile phones.

Civil society players, increasingly frustrated by the poor rural connectivity, have come together to advocate alternative approaches. The big initiative is Mission 2007. Led by Professor M.S. Swaminathan, the father of India's green revolution, this is alliance of leading technologists,

developmental organisations, donors and companies, besides the government and TRAI. Its objective is to provide 600,000 villages access to communications services through rural knowledge centres — hubs that will consolidate rural applications and services — by August 2007, the 60th anniversary of independence.

Still, much more needs to be done, both in policy and action. For greater progress in rural areas, both existing telecom operators and civil society initiatives need support from regulators and government. Competitive telecom markets have admittedly worked well in urban areas for the rich and poor alike, but not so in rural markets, where services are sparse, quality poor and choice absent.

The very *raison d'être* of regulation is to correct such 'market failure'. But, beyond paying it lip service in their documents, there is little evidence that TRAI and the government have prioritised rural telecom services. The link to rural communications on the first page of the website of the Ministry of Communications and Information Technology mentions the target of connecting all villages by 2002! And, TRAI took seven years to come up with its first paper on rural communications, referred to above.

TRAI's monthly progress report highlights advances in fixed, mobile, broadband, Internet services — but not in rural services. Its quarterly report on sector performance has never had a full page on rural services. Yet, there are pages after pages on largely urban mobile services, discussing their growth, market shares, quality, circle-wise and operator-wise break-up of monthly minutes of usage and revenues. Granted, market shares are meaningless if only BSNL has a rural service worth the name, but the absence of other parameters for the most challenging area in India's telecom sector is difficult to understand.

Rural telecom will not happen of its own accord. The current rules still keep away many interested players and technologies. A great deal of attention will have to be paid to ensure that rules on licensing, spectrum, technologies and business size, among other things, are not obstacles in delivering an important tool for rural development. In short, rural telecom needs comprehensive deregulation. It deserves much more than the periodic proclamations of new targets or the self-congratulation and hype around teledensity numbers.