

TELECOM REGULATORY AUTHORITY OF INDIA
A-2/14, Safdarjung Enclave, New Delhi-110029

No. 101-8/2005-MN

Dated October 3rd, 2005

Subject: Recommendations on “Growth of Telecom Services in Rural India”.

TRAI has issued its recommendations on Growth of Telecom Services in Rural India. A copy of the same along with Press Release is enclosed.

2. The Authority is of the view that without focus on rural areas, sizeable growth in telecom sector would not be possible. Since tele-density is interlinked with the level of development, the large differential between rural and urban tele-density cannot be sustainable.

3. The present USO Policy of subsidizing of individual connections, VPTs, etc. would barely be able to achieve rural tele-density targets even after giving huge subsidy support of around Rs.30,000 crores. Neither such low tele-density in rural areas in 2010 nor such high subsidies to achieve so little can be acceptable.

4. The Authority has recommended that the present policy should shift from subsidy based on individual connections (DELs, VPTs, etc) to network infrastructure expansion approach. If the proposed scheme is implemented early then it is expected that we would achieve rural tele-density of around 15% by December, 2007 and this combined with expected urban tele-density of around 43% would take the overall tele-density to 22.98% easily meeting the target of 250 million subscribers set out by the Hon'ble Minister of Communications & IT. If the present USO Policy continues then it is expected that we would achieve rural tele-density of only around 3% and in order to achieve the subscriber base target of 250 million we would require an urban tele-density of 70% by December, 2007 which is too ambitious a target for urban areas and would create a much larger rural/urban divide. Therefore, there is clearly a need for a re-look at our traditional policies regarding the communication needs of rural areas. A time has come that our policies of reaching telecom to villages are looked as “Universal Service Opportunity” rather than “Universal Service Obligation”, and the time is ripe for such a change over.

5. These Recommendations have also been placed on TRAI's website (www.trai.gov.in).

(Pradip Baijal)
Chairperson, TRAI

The Hon'ble Minister for Communications & IT

Copy to: The Secretary, Department of Telecommunications, Ministry of Communications & IT, Sanchar Bhavan, New Delhi