

Information note to the Press (Press Release No. 64/2010)

TELECOM REGULATORY AUTHORITY OF INDIA

New Delhi, 8th December, 2010

For Immediate release

**TRAI issues Recommendations on
'National Broadband Plan'**

New Delhi, 8th December, 2010 – The Telecom Regulatory Authority of India (TRAI) today issued recommendations on **'National Broadband Plan'**. An effective National Broadband network would greatly facilitate inclusive growth of the country by including the large rural population in governance and decision making process and extend to the rural areas better education, health and banking facilities. The salient features of the National Broadband Plan 2010 are:

1. ICT in general and broadband in particular contribute substantially to growth of GDP and towards poverty elevation by improving access with equity.
2. As per study, 10% increase in broadband penetration accounts for 1.38 percentage increase in the per capita GDP growth in developing economies.
3. Currently in India, the penetration of broadband is 0.8% as against the tele-density of 60.99 as of Sep'2010. The number of broadband connections is only 10.3 million as against a target of 20 million by the year 2010. Therefore, there is an urgent need to facilitate rapid growth of broadband.
4. Towards this end, a National Broadband Network will be established. This network will be an open access optical fibre network connecting all habitation with population of 500 and above. This Network will be established in two

phases. The first phase covering all cities, urban areas and Gram Panchayats will be completed by the year 2012. Phase II will see the extension of the network to all the habitations having a population more than 500, to be completed by the year 2013.

5. A National Optical Fibre Agency (NOFA) will be set up to establish this broadband network. NOFA is proposed to be a 100% Central Government-owned holding company. Besides being a Holding company, NOFA will also establish the networks in all the 63 cities covered under Jawahar Lal Nehru Urban Renewal Mission (JNURM).
6. A State Optical Fiber Agency (SOFA) would be formed in every State with 51% equity held by National Optical Fibre Agency(NOFA) and 49% by the respective State Government. NOFA would be the holding company of all the SOFAs.
7. All the SOFAs, under the overall guidance of NOFA will establish the networks and backhaul in the rural areas and in the urban areas other than those cities covered under Jawahar Lal Nehru Urban Renewal Mission (JNURM).
8. The optical fibre network would support backhaul bandwidth requirement for provision of broadband and facilitate broadband growth.
9. This network will be established at a cost of about Rs 60000 crore. It will be financed by USO fund and the loan given/ guaranteed by Central Government.
10. The National Broadband Plan envisages provision of 75 million broadband connections (17 million DSL, 30 Million cable and 28 million wireless broadband) by the year 2012 and 160 million broadband connections (22 million DSL, 78 million cable and 60 million wireless broadband) by the year 2014.
11. Right of way will be issued to the executing agency without delay and without any charges but subject to reinstatement by the concern agency. The work

related to national broadband network will be taken up in a state only on an undertaking to this effect.

12. Government may notify the charges for Right of Way in consultations with the State Governments on priority basis and ensure availability of RoW to telecom service providers to provide various telecom services.
13. The program is expected to bring immense benefit when fully operational. The estimated revenue of NOFA and all SOFA is expected to be Rs 26000 crore per year.
14. The Network will provide easy access to high speed data and information to citizens, promoting thereby the efforts in the field of education, health etc.
15. The optical fibre network would support following bandwidths:
 - 10 Mbps download speed per household in 63 Metro and large cities (covered under JNURM) for every wireline connection by the year 2014.
 - 4 Mbps download speed per household in 352 cities for every wireline connection by the year 2014.
 - 2 Mbps download speed per household in towns /villages for every wireline connection by the year 2014.

* Upload speed would be half of the download speed.
16. The objective of national broadband Network is to provide fibre to home in 63 cities covered under JNURM, Fibre to kerb in all other cities (0.5 Km from any residence).
17. In order to enable cable industry to go fully digital, the recommendations of TRAI dated 5th august 2010 on “Implementation of Digital addressable system in India” will need to be implemented on priority basis.
18. In order to ensure affordability of Customer premises equipment cost, Government may review the duties levied on inputs and finished products used in providing broadband and Internet services.

19. Customer premises equipment including modem and routers used for Internet and broadband may be considered for 100% depreciation in the first year.

The full text of the recommendations is available on TRAI website www.traigov.in

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