



## The Big Picture - Challenges in Telecom Sector

On demands from Cellular Operators Association of India (COAI), the Department of Telecommunications has asked the finance ministry to offer some GST-related relief to telcos and to bring down import duties of network equipment.

### Challenges in Telecom Sector

- **Lack of fixed line penetration:**
  - India has very little penetration of fixed line in its network whereas, most of the developed countries have a very high penetration of fixed lines (telephone line that traveled through a metal wire or optical fiber as part of a nationwide telephone network).
  - The countries having high fixed line penetration are able to operate broadband over the fixed line and thus are much ahead of India in terms of download speeds. Downloading speed in India is 512 kbps compared to other nations who have touched the speed of 100 Mbps.
  - Private Service Providers when entered the sector, started deploying a network using cellular technology that has a limitation in terms of download speeds.
  - Though India has almost 1.2 billion connections the fixed line is around 18 million. Broadband Connectivity on fixed line is also poor.
  - Only around 25% of Towers in India are connected with fibre networks, whereas in developed nations, it is in excess of 70%.
  - 5G Network requires towers to be connected to with very high-speed systems. Those high speeds are not possible on the present radio systems. But are possible on fibre system.
- **High Right-of-Way (ROW) cost:** Sometimes, states governments charge a huge amount for permitting the laying of fibre etc. (A right of way is a type of easement that allows a person to pass through another's land)
- It takes a **long time to get right-of-way permissions** and thus India is yet not able to exploit the full potential of 4G networks.
- **Huge fluctuations in the duties** on Telecom Equipment which contribute to connecting the whole system from center server to the consumer.
- **Current System of Tariffs:** Major telecom Operators are reporting losses and financial stress. One operator, even, has recently announced bankruptcy. This shows that the current tariff system is not financially viable for telecoms.

### Initiatives by Government

- In 2017, Department of Telecom (DoT) came up with a gazette notification, advising the state governments to give quicker ROW permission and charge very little amount to service providers. Though, only some states responded.
- The government has provided benefits to telecom sector by withdrawing some duties.
- National Digital Communication Policy that came in 2018 envisages that there should be an enhanced limit of 50 Mbps download to every citizen in the country by 2022. To achieve that, the government is involving state governments for the creation of infrastructure.

### Suggestions

- **The government should increase the network area** through optical fibre instead of copper which is expensive. This is necessary to ensure last mile connectivity.
- The government **needs to prepare a ground for easy right-of-way permissions** and lower cost of right-of-ways.
- **It is time to go for a generational shift** to ensure that current tariff is financially viable for service providers.
- Telecom Operators should **move towards future technologies**, should add new services for which consumer will pay and will keep the telecom companies doing well.
- Telecom Operators should leverage on the talent pool in the country which is bringing in a lot of new innovations in AI, blockchain technology etc.
- **New Infrastructure on sharable basis just like the way telecom service providers share the cost of towers is need of the hour.** Every establishment requires a cable for one reason or other and roads cannot dig every day. Ducts should be constructed in each and every town so that there is a provision for simply pulling a cable through it as and when required and hence costs can be shared.
- **The government should spend large on R&D and create an environment that makes India capable** of manufacturing and even exporting hardware components like mobile handsets, CCTV Cameras, touch screen monitors etc.

## Conclusion

- Future of Telecom Sector is very bright as its role will be seen in almost everything, from networking of CCTV Cameras to the safety and security of people to providing education in remote places. **A long term vision plan should be made accordingly. For the time being, the government needs to provide an easy and soothing environment for telecom operators.**

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