



## **Telecom Sector: Issues and Challenges**

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### Introduction

- ❑ India is currently the world's second-largest telecommunications market.
- ❑ Tele-density of Indian telecom industry grew from 3.6% in 2001 to 84% in 2016.
- ❑ Telecom is second-highest revenue earner for the government, after income tax.

### Issues and Challenges of Telecom Sector

- ❑ High Right-of-Way (ROW) cost
- ❑ Lack of fixed line penetration
- ❑ Declining Average Revenue Per User (ARPU)
- ❑ Limited Spectrum Availability
- ❑ Low Broadband Penetration: only 7%
- ❑ Huge fluctuations in the duties on Telecom Equipment
- ❑ Lack of Telecom Infrastructure in Semi-rural and Rural areas
- ❑ Pressure on Margins Due to Stiff Competition

### Steps Taken by Govt.

- ❑ **National Digital Communications Policy - 2018** replacing National Telecom Policy-2012
- ❑ Re-designation of the Telecom Commission as the "**Digital Communications Commission**"
- ❑ Fast-tracked reforms
- ❑ Will set up over 1 million internet-enabled common service centres across India as per the National e-Governance Plan
- ❑ Increased FDI cap 100% from 74%

### Suggestions

- ❑ Explore the option of revenue sharing agreement between Internet players and telecommunication companies
- ❑ Outsourcing non-core functions such as network maintenance, IT operations and customer service
- ❑ Divestment of tower assets into separate companies to curb costs and focus on core operations
- ❑ Introduce new and efficient technologies such as M2M and cloud computing
- ❑ Benefits of industry status in line with other infrastructure sectors in the country to be implemented
- ❑ Govt. needs to prepare a ground for **easy right-of-way permissions** and lower cost of right-of-ways

*For TIP*

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