

Speech by Dr Manmohan Singh, Hon'ble Prime Minister of India on Telecom India 2009

December 4, 2009

“I am very happy to be here in your midst today for the valedictory function of India Telecom 2009. This is an event of great significance. It tells us about the future prospects of our economy, of our polity and our society. The future is here. The telecom industry displays characteristics which can give you a glimpse of things to happen in our country. I therefore begin by complimenting the Department of Telecommunication, The Federation of Indian Chambers of Commerce and Industries and all others who have contributed to organizing this most impressive event. I learnt that Telecom 2009 has been a great success and I congratulate all those who have been associated with this effort.

As you know, the telecommunications sector in India has seen rapid progress being made over more than a decade now. This is exemplified by the achievement last week of the figure of 500 million mobile subscribers. We are today the fastest growing telecom market in the world, with the addition of over 12 million subscribers every month in the last year, of which 5 million were from rural areas. These achievements are all the more remarkable as they have come at the time of a global economic slowdown. Now that the slowdown is showing signs of moderating, we can hope and aspire for even faster growth of telecommunication sector in our country.

The importance of the flow of information in for a fast modernizing economy cannot be over-emphasized. A strong telecommunications sector promotes social well being and facilitates rapid economic development. It is therefore a matter of great satisfaction to us that our telecom tariffs are among the lowest in the world. This, I believe, has been possible due to our regulatory regime which has encouraged competition, and also due to the innovation and enterprise of our private sector. I applaud all those who are responsible for this magnificent outcome.

But while celebrating the growth and substantial achievements of the telecom sector in India, it is important for all of us to be conscious of the large digital divide that still exists in our country. Indeed, this division between urban and rural India is still growing. Our rural tele-density is 20% as compared to over 100% for our towns and cities. We must therefore double our rural tele-density in the next 3 years. It is imperative that we exploit to the fullest extent, the opportunities offered by mobile telephony for purposes of promotion of financial inclusion.

The availability of broadband in India is also confined mostly to the people in urban centers. This lack of access to broadband for our rural population creates for them a large asymmetry of information, and therefore an asymmetry of opportunity as well. To address this issue, we have decided to implement a massive programme of broadband for all, under which all the 250,000 gram panchayats in our country will be provided high speed broadband connectivity latest by the year 2012. We expect that access to broadband in rural India will have multiple, long term multiplier positive effects. It will make a real difference to the lives of our farmers, by enabling them to discover prices for their produce in nearby mandis and markets. Remote and far-flung areas will be able to

benefit from applications like tele-medicine and tele-education will become possible. It will help increase the pace of economic growth.

I am happy that the auction of spectrum for 3G and Broadband Wireless Access services will be conducted very shortly. In a reform initiative, the government has decided that this spectrum will be allocated at a market-determined prices rather than through an administered mechanism. The provision of 3G and Broadband Wireless Access Services by private sector telecom companies, in addition to BSNL and MTNL, will help I believe the market to grow rapidly. This will also make available data services to a wider section of consumers and give a fillip to broadband on wireless, unfettered by last-mile constraints.

We also intend to implement Mobile Number Portability early next year. This would give more choice to consumers who would be able to change their operator while retaining their cellular phone number. It would in the process encourage telecom companies to improve the quality of their service as well.

Sustained competitiveness requires a strong research and development efforts. I am therefore happy to learn that the seven Telecom Centers of Excellence set up by the Department of Telecommunications in PPP mode in our premier institutes like the IITs, IIM Ahmedabad and the Indian Institute of Science, Bangalore are now supporting a number of R&D projects. These include projects relating to Next Generation Networks, use of green technologies and enhanced energy efficiency.

Slow growth in the telecom manufacturing sector in India is an area of some concern for us. While production and export of telecom equipment in the country have shown some growth in the last year, there is still scope for improvement. The decision to allow 100% Foreign Direct Investment in the manufacture of telecom equipment and the various fiscal incentives now provided by the Government should I believe be used to attract potential investors. The newly set up Telecom Export Promotion Council therefore has a key role to play in facilitating this outcome and positioning India as a global manufacturing hub for telecom equipment.

I have been told that India Telecom 2009 has showcased the opportunities that exist in India in the telecom sector on an even larger scale than in previous years. This is as it should be in a fast growing economy. We cannot be satisfied with the statusquo. We must set new sights every year of our nation's existence. In the process, we have offered service providers, manufacturers and all other stakeholders an opportunity to display new and emerging technologies, share their best practices and work towards solutions for common problems. I compliment all of you for contributing to the success of this magnificent event. Let me end by wishing you all the very best in your collective efforts to strengthen the telecom industry in our country."