

National Telecom Policy 2018: Will it be an industry leveller?

The Indian telecom industry is navigating through troubled waters and facing considerable financial distress. It is hoping that the new National Telecom Policy, which is about to be announced, will accept most of the recommendations made by industry leaders and associations so that service providers can run sustainable businesses. This article makes a few additional recommendations.

Technology is bringing about a paradigm shift in the way we access information and interact with things. And, as technology advances, the policy environment must also evolve in order to keep pace with the changing times. Previous policies need to be re-evaluated, which is why the new National Telecom Policy (NTP) 2018, which is about to be announced, must bring about major changes, both to address the current major challenges that the industry faces, as well as to provide a strong foundation for the telecom industry.

The Indian government has been revising its telecom policy from time to time, to keep up with the rapid changes in technology and consumer demand patterns. NTP 1994 opened up the sector to competition and helped in establishing goals, including provisioning of telephone-on-demand and connecting all villages by 1997. It set the stage for long distance telephony.

Next came NTP 1999, which laid out a plan to achieve the goal of Internet access for all district headquarters (DHQs) by the year 2000, and high speed data to towns with a population of 200,000 and above by 2002. The target for overall teledensity was 7 per cent by 2005—rural teledensity of 4 per cent and a projected target of 15 per cent by 2010. This was followed by the 2004 Broadband Policy that defined broadband connectivity as an 'always-



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people, which is indeed, the need of the hour. However, the industry currently has a cumulative debt of over ₹ 5 trillion, as it has invested over ₹ 10 trillion after it was opened up to the private sector. For an enhanced user experience, bridging the digital divide, increasing rural penetration and offering seamless connectivity, another ₹ 3 trillion needs to be invested over a period of two to three years. The financial health and viability of the sector, therefore, should be the main priority for the government—not just from an industry perspective but also from a consumer standpoint. The poorest of the poor can truly benefit from the JAM (Jan Dhan Yojana,

on' data connection with the minimum download speed of 256Kbps.

Coming to the recommendations for NTP 2018, industry leaders have been suggesting for some time that the Department of Telecom (DoT) needs to bring about fundamental reforms in its new telecom policy, such as reducing licence fees, spectrum usage charges and other levies to make the sector viable once again from an investment perspective. In the current regime, the telecom operators pay around 8 per cent of adjusted gross revenue (AGR) as licence fee and another 3 per cent of AGR as spectrum usage charges (SUC).

The government is focusing on ensuring access and services to one billion

Aadhaar and mobile number) trinity, which should ensure financial inclusion through greater Internet access.

The industry crossed the 1.7 million base transceiver station (BTS) mark this year, an important milestone to improve penetration and ensure the faster rollout of infrastructure for rural consumers. Further intervention is now necessary, to also improve India's rankings across several 'Ease of Doing Business' parameters.

Similarly, there is a need to establish a Spectrum Management Policy so that the major points of contention are dealt with efficiently. This will allow the telecom sector to plan and use national resources optimally. Moreover, the service providers should also be permitted access to the satellite spectrum for any application, i.e., VSAT, Direct to Home (DTH), teleport or any other type of telecom service. The sector is also demanding a single unified licence across the country, whereby every service provider offering the same service must adhere to the same rules.

Other recommendations include ensuring data privacy, network security, manufacturing and skills development, etc. Strengthening the sector and creating an investor-friendly business ecosystem need to be at the top of the government's list of priorities. Manoj Sinha, minister of state for communications and IT has talked about these issues at various public platforms, for which the industry is truly indebted. Going by the efforts and time put in by the government, the industry is hoping for immediate and sustained relief for the sector through NTP 2018. The DoT is also looking at incentivising investments in the telecom sector, which has been reeling under financial stress. It is also estimated that two million new jobs will be created in the ICT sector by 2022.

Many believe that the new NTP will be a precursor to creating an ICT policy. The focus will primarily be on creating infrastructure and building networks. The Telecom Regulatory Authority of India (TRAI) has even gone ahead and suggested that the latest policy document be named the Information and Communication Technology Policy-2018.

The government is keen on providing a massive impetus to the Internet of Things (IoT) and to programmes in the machine-to-machine (M2M) space, in addition to attracting investments worth US\$ 100 billion in the communications sector. The TRAI has recommended that these ambitious objectives can be realised by lowering licence fees and spectrum charges, by implementing the 'one nation one licence' plan for services, and by making funds available for communication infrastructure projects on the same lines as roadways and railways.

The new policy should therefore look at enabling socio-economic growth in order to make India a front-runner in what people refer to as the Fourth Industrial Revolution. There is a lot of positivity around the new telecom policy, and we will have to wait and see how the sector transforms itself in the coming years.

Futuristic technologies that are on the anvil also need to come under the purview of the new telecom policy. For example, the 5G network is predicted to accommodate applications and services with different latency, reliability and bandwidth. For that to happen, we would need effective network management practices to ensure optimised sharing of network resources. Technologies like software defined networks (SDN) and network function virtualisation (NFV) can be implemented for effective sharing of the network to support the 5G use cases. Various network functions such as network slicing (a mobile content delivery network as service) can be implemented through these technologies to support various 5G use cases. The government needs to come out with a policy to ensure that these technological initiatives and innovations are facilitated, and are not hampered by archaic policies or obstructive and irrelevant solutions.

We wholeheartedly praise the objectives and the strategies put forward in the recommendations made by TRAI, and we hope that a level playing field and regulation-driven equality will be sustained amongst various players. The telecom sector is moving into a phase of consolidation, a paradigm shift from the highly fragmented structure that has existed for several years. As the mergers and acquisitions are completed, we will see three or four large players competing against each other. This will result in continuing affordability of voice and data tariffs for the consumer.

The industry is calling for a stable environment, in which telecom operators can sustain themselves enough to invest cash into their businesses and work together with the government to connect over one billion people to the Internet. A report suggests that a 10 per cent increase in broadband penetration leads to a 1 per cent growth in GDP. So achieving this is mission-critical if India is to meet the government's ambitious goal of becoming a trillion dollar digital economy, apart from implementing several other visionary programmes of the prime minister like Digital India, Skill India, etc.

We also hope that the Goods and Services Tax (GST) council looks into reducing the applicable tax on the sector to 12 per cent, from the current 18 per cent, a move that even the minister of state for communications and IT, Manoj Sinha, has supported. Issues such as redundant processes like multiple audits, and regulations like the increased import duty on network equipment to help domestic manufacturing, must be abandoned, once and for all.

The industry is ardently asking for the government to build a stable, predictable and friendly regulatory and policy environment. We are positive that the new policy will take the aspirations of a billion Indians and the submissions of the core sector into consideration. This will provide a facilitative ecosystem that fosters the growth and development of the sector, making India a fully connected and truly empowered nation. ☐