

PM's address at the Inaugural Session of India Telecom 2012

The India Telecom series of conferences enables our government, our industry and other stakeholders to come together to deliberate on issues relating to a sector which is of critical importance to our economy and our country. I compliment Shri Kapil Sibal, the Department of Telecommunications and FICCI for jointly organizing these events of great significance to the future of our country. I also wish all the participants very productive and useful discussions in India Telecom 2012.

The Indian telecom sector has seen phenomenal growth over the past decade or so. With around 96.5 crore telephone connections, India, today, is the second largest telecom market in the world as a whole. The telecom sector has also been the driver of Foreign Direct Investment and FII flows into our country. It has contributed in a major way to the dynamism of our economy.

As you all know, this sector has had to face some tough challenges in the past months. However, I believe that under the distinguished leadership of Shri Kapil Sibal, the period of difficulties is now coming to an end. During the last one year, our government has taken a number of forward looking initiatives in the telecom sector. We have announced the New Telecom Policy 2012. We have attempted to clarify the policy positions on a number of complex issues. We have attempted to ensure adequate availability of spectrum and its allocation in a transparent manner through market-related processes. I am confident that the futuristic policy regime that we are now putting in place will address, and address effectively, the concerns that have been worrying investors and will provide a new impetus to the growth of telecommunication industry in our country.

I am sure that the deliberations in this conference will cover the entire gamut of difficult issues in the telecom sector that we need to resolve. On my part I would like to confine myself to flagging three broad aspects which should guide our efforts in telecommunications in years to come.

The first issue is the penetration of basic telecom services in our rural economy. The exponential growth of the telecom sector has been primarily driven by growth in the use of telephones in urban areas. The full potential of telecommunications in enabling higher growth will not be realised until the use of telephones spreads much wider in the rural economy of India as well. While urban India has today reached a teledensity of 169 percent, the teledensity in rural India stands at only 41 percent. Not only this, the bulk of the 59 percent people who do not use phones in rural areas is perhaps from the socially and economically backward sections of our society.

We must address this rural-urban divide if we have to achieve our goal of socially inclusive growth. Today, network coverage is there in most parts of our country and the bulk of the population is already covered. It is possible that there are economic or other barriers preventing the spread of telephone usage. There is also an economic case for investing in business at the bottom of the pyramid. I urge industry, which has shown great innovation in the telecom sector, to come up with strategies to expand teledensity in rural areas. I also urge the Department of Telecommunications to think big and think creatively to see how the resources available to it, either through the USO Fund or otherwise, are better used to achieve this purpose. We cannot and we should not have an India where lack of a phone is a hindrance to inclusive growth. The New Telecom Policy-2012 envisages 70 percent rural penetration by 2017 and 100 percent by 2020. We should all work together to achieve these targets and in fact do better than what we have promised.

The second issue that I wish to highlight is the availability of broadband services. Broadband improves the lives of people by providing affordable access to information and knowledge. Many Information and Communication Technology applications such as e-commerce, e-banking, e-governance, e-education and telemedicine require high speed Internet connectivity. Studies show that there is a direct correlation between an increase in broadband connectivity and growth in a country's GDP.

The advent of smart phones and tablets at reasonable prices along with wide availability of telecom infrastructure across our country would provide an opportunity for us to ensure an equitable spread of broadband services. We must, therefore, seize this opportunity. Recognizing the significance of broadband connectivity as a tool for empowering our rural masses, our government has launched the National Optical Fiber Network project to provide broadband connectivity to all our Panchayats. I am confident that this unique project will usher a new era in telecommunications by establishing information highways across the whole length and breadth of our country, particularly in rural areas. I would urge all government departments and the private sector to work creatively to ensure that this infrastructure is efficiently used to make broadband services truly affordable and accessible.

I would also like to reflect on the thinning down of our domestic manufacturing capabilities in telecom in particular and in electronics in general over the past two decades. We need to strengthen our domestic manufacturing capabilities across the entire value chain in telecom and electronics. The new Telecom and Electronics Policies lay down the regime for enabling this to happen. Now it is for the captains of our industry, particularly in the private sector that they have to seize this unique initiative. As a major automobile buying country, we have developed a strong automotive sector. I believe this can be and must be replicated in telecom and electronics as well. We need

leaders in telecom and electronics manufacturing who can break new ground and create the ecosystems to enable India to be a major producer of hardware. Our government is committed to doing everything possible to support such efforts.

The telecom revolution offers myriad opportunities for accelerating our nation's development march. I sincerely hope you will explore all these possibilities in your deliberations. I wish you all success in your noble endeavors.