

**GOVERNMENT OF INDIA  
COMMUNICATIONS AND INFORMATION TECHNOLOGY  
LOK SABHA**

UNSTARRED QUESTION NO:201  
ANSWERED ON:23.11.2005  
TELE- DENSITY IN RURAL AREAS  
Mehta Shri Alok Kumar

**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

- (a) whether there is poor tele-density in rural areas throughout the country;
- (b) if so, whether the Telephone Regulatory Authority of India has made recommendations in this regard;
- (c) if so, the details thereof; and
- (d) the manner in which the Government proposes to implement it?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

- (a) The rural teledensity for the country is 1.77 as against country's teledensity of 10.24 as on 30.09.2005.
- (b) & (c) Telecom Regulatory Authority of India in October 2005 has given its recommendation on 'Growth of Telecom Services in Rural India'. A Brief on the recommendations is at Annexure.
- (d) The recommendations have been received recently and are being examined.

ANNEXURE

BRIEF ON TRAI'S RECOMMENDATIONS ON GROWTH OF TELECOM SERVICES IN RURAL INDIA

The recommendations of TRAI provide for a higher quantitative and qualitative growth in telecom services in the country, particularly in rural areas. Since tele-density is interlinked with the level of development, the large differential between rural (1.94%) and urban teledensity (31.1%) cannot be sustainable. The recommendations state that without focus on rural areas, sizeable growth in telecom sector would not be possible.

As per the TRAI's recommendations, the present USO Policy of subsidizing individual DELs, VPTs, MARR replacement, PTICs/HPTICs would barely be able to achieve rural tele-density targets of 4% by 2010 even after giving huge subsidy support of around Rs.30,000 crores. Recommendations state that such low tele-density in rural areas in 2010 and high subsidies to achieve so little can not be acceptable therefore there is a need for a re-look at traditional policies regarding the communication needs of rural areas and to change these to 'Universal Service Opportunity' rather than a 'Universal Service Obligation'.

TRAI has further recognized some features of the Indian rural market, viz. substantial purchasing power at the right price, expansion of broadband/Internet services provided by private sector and the immense popularity of cable TV in India and that such connections are far in excess of fixed line telephones - a unique feature in the world. It recommends that the proposed policy should look at this feature and encourage triple - play networks which can be facilitated by Unified Licensing Regime, already recommended by the Authority to the Government.

The Authority has recommended that an alternative approach of facilitating network infrastructure expansion should be adopted. This approach proposes to offer financial incentives to service providers in the form of coverage of partial cost of shared infrastructure and license fee and spectrum charge reduction based on the number of rural base station locations. If the proposed scheme is implemented early then TRAI's experience of mobile growth in urban areas indicate that India would achieve rural tele-density of around 15% by December, 2007 and this combined with expected urban tele-density of around 43% would take the overall teledensity to 22.98% easily meeting the target of 250 million subscribers set out by the Hon'ble Minister of Communications & IT. If the present USO Policy continues then TRAI expects that India would achieve rural tele-density of only around 3% by 2007 end and in order to achieve the subscriber base target of 250 million it would require an urban tele-density of 70% by December, 2007 which is too ambitious a target for urban areas and even if achieved would create a much larger rural/urban divide, which cannot be an acceptable policy.

TRAI has noted that there are already contractual commitments in the present USO policy. Accordingly it recommends that during the validity of these agreements both the schemes may work in parallel as there would be balances in USOF to fund both, but ultimately

only the network infrastructure expansion approach should be followed for providing support from the USOF.

The salient features of TRAI's recommendations are as follows:-

Sharing of infrastructure to receive support from USO

Supporting backbone infrastructure through USO fund

Discount in Annual License Fee and Spectrum Charges linked with Rural Coverage.

Development of suitable applications

Reduction of rural VSAT license fees and spectrum charges and provision of transponders at affordable rates

No right of way charges for networks in rural areas

Niche Operators to be supported from USOF and exemption from spectrum charges

No spectrum fees for usage of CorDECT and similar technologies in rural areas as well as for usage of 450 MHz

No prior SACFA clearance for deployment of towers upto 40 m. in rural areas.

Funds collected as Universal Access levy should be made available to USOF