



# A CONSULTATION PAPER ON "NATIONAL BROADBAND PLAN" RELEASED

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## June 2010

With the intention of making the broadband services available at affordable tariff, provide access to enormous information, facilitate delivery of civic services, increase GDP contributions, generate more employment and enhance productivity, TRAI issued a consultation paper on "National Broadband Plan". The Department of Telecom has also made a reference to TRAI seeking its recommendations on the need to review the definition of broadband connectivity in view of future growth in internet/broadband driven by wireless technologies. The net broadband addition per month is just 0.1 to 0.2 million and the facility is limited to metro and major cities only. The low broadband penetration in rural areas is attributed to non availability of transmission media connectivity up to village level.

**PSA view** – Internet and Broadband access are widely recognized as catalysts for economic and social development of a country. As per the report of World Bank, a 10% increase in broadband penetration accounted for 1.38% increase in per capita GDP growth in developing economies which is much higher than the impact of mobile telephony growth on GDP. In India despite the presence of 104 telecom broadband service providers, the broadband penetration in India is just 0.74% when compared with tele density of 52.74%. There is an urgent need to identify the impediments and create an environment to encourage broadband growth. An option is also being explored to take optical fibre network that would integrate various service providers and broadband will be available with a variety of wired and wireless solutions. This will intensify the process of penetration of broadband services.

### **Nodal Vendor for the Indian telecom industry**

The Indian government has been deliberating upon setting up a legal entity that will be owned by all telecom operators who shall be responsible for managing, building and maintaining their communication networks. Presently the network of almost all telecom operators are managed by international equipment suppliers, which raises, to some extent, serious security concerns. This proposal appears to be in line with the earlier direction of the DOT wherein telecom equipment makers, who also maintain and manage local mobile networks, were asked to employ only Indian engineers. Further, it is also proposed to have all international equipment suppliers either manufacture core telecom equipment locally or transfer technology to the Indian manufacturers. However, this proposal is only at a very nascent stage and will require approval from the telecom operators along with various government ministries, including the DOT, Home Ministry, etc.

**PSA view** – This proposal by the Indian government is the first of its kind in the telecom industry, wherein a new company would be incorporated and be responsible for managing communication networks for all telcos. At this stage, there is no international precedent for such a proposal and we will have to wait and

see how the government implements it. However, if it does come into force, telecom operators will have to re-strategize their business decisions and re-negotiate their contracts with the international suppliers. Presently almost all telecom companies have foreign employees on their pay roll. Therefore, before the government seeks a ban on hiring foreign engineers and makes transfer of technology to the Indian manufacturer mandatory, a proper dialogue with the various telecom companies is extremely important.

### **US bill on Indian BPOs**

The Indian BPO sector recently witnessed an uneasy scenario, when the US senator Charles Schumer announced plans of introducing a bill in the US senate which, among other things, will charge an excess of 25 cents on calls originating from the US, but going overseas. Senator Charles Schumer said that the purpose of the proposed bill is not only to maintain call centre jobs currently in the US, but also provide a reason for US companies to bring back outsourced jobs.

**PSA view** – The business generated by inbound calls from the US account for 61% of the entire \$1.8 billion BPO sector, and forms a small part of the \$60 billion IT-BPO sector in India. This bill, if passed may pose a serious threat to the 800,000 individuals currently employed in this sector in India. Nasscom, an association representing IT and BPO companies, does not see a major impact of the proposed bill on the Indian BPO sector. Nasscom feels that as the BPO sector is relatively small compared to the entire IT-BPO sector, the bill if passed may not impact India greatly. Such efforts by US senators in the past have proved unsuccessful, however, given the deep impact faced by the US due to the recession, and the fact that unemployment in the US has increased from 9.5% to 10.5%, chances of the bill being enacted seem quite high.

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