



Federation of Indian Chambers of Commerce and Industry

FICCI Inputs on Consultation Paper No 09/2010 on “National Broadband Plan”

Preliminary Submissions

FICCI appreciates and welcomes the opportunity to provide its preliminary feedback on the consultation paper released by the Authority on 10 June 2010 on ‘**National Broadband Plan**’.

FICCI strongly supports development of a holistic vision and execution plan to achieve accelerated affordable & ubiquitous broadband access across the length and the breadth of the country as it is now well recognized that broadband is a key enabler for inclusive growth, social equity and sustainable economic development. In fact, broadband represents an enormous opportunity to provide a platform for improving an individual’s quality of life by providing increased opportunities for income generation and fostering innovation across all walks of life to our citizenry.

Both, the President, (in her address to the Parliament) as well as the Prime Minister, have stressed on the need for Broadband penetration to be increased in rural areas. In his address at India Telecom Exposition in December 2009, the PM emphasized on the need to double the rural teledensity in the next three years to exploit the opportunities offered by mobile telephony for financial inclusion. He also expressed concern on the lack of broadband availability in the rural areas, and spoke about the initiatives taken by the Government on that front. He said, *“We have decided to implement a massive programme of broadband for all, under which all the 250,000 gram panchayats (government at the village level) in the country will be provided high speed broadband connectivity by 2012”* concluding that *“We cannot be satisfied with the status-quo”*.

This target of the Hon’ble Prime Minister to be achieved by March 2012 translates to adding more than 10,000 additional broadband connections each month for 25 months, i.e. from now till March 2012, only for panchayats. While the PMO has rightly stressed on the need to enhance broadband connectivity, the onus is now on the Industry and the various Ministries and Departments of the Government of India, to put in synergized and concerted efforts to meet this difficult target on priority.

The urgent need right now is to catalyze and accelerate the growth of Broadband in rural areas. The benefit of connecting the rural goes well beyond basic telecommunications. Greater broadband connectivity to the Internet promotes distance learning, E- learning, E-Governance, E-Health applications, all of which prove to be significant economic multipliers in a widely spread-out population.

In many discussion forums it is widely recognized and established that broadband penetration will significantly help improve the quality of life, particularly in rural areas. However, given the scale of the task involved, this will require dedicated support/ incentives from the Government.

We believe that a series of specific steps that are also inter-linked, are needed to improve the broadband penetration, particularly in rural India. The following points need attention :-

Time Period and Scope of the Consultation Paper



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FICCI first notes that the scope and time period being envisaged under the present consultation is too short. This consultation on the National Plan must include proposals for providing Broadband for the time period upto 2020. This may however, be sub-divided into three phases:-

- a) **Phase 1: For the period 2010 – 2012.** Early provision of Broadband services is the aim of this Phase. This phase should **exploit the already existing national broadband resources which are readily available and are underutilized.** The need is to connect maximum population with the available resources in the least possible time frame. This would include leveraging the existing assets of PSUs, the considerable landline and wireless network that is already available in the country. The target of 40 million broadband connections as envisaged in the 11th Five Year Plan can be met with the leveraging of existing broadband resources.
- b) **Phase 2: For the period 2012-2016.** In this Phase, the Authority may consider recommending the provisioning of the 11.46 lakh km OFC backbone (envisaged in the present consultation paper) and the connected rollout of wireless towers to extend last mile access from this OFC network to the consumers. The Authority should also try to dovetail into this Phase the Phase 2 of the USO Shared Tower Infrastructure Scheme which targets to cover 3.74 lakh villages with population > 500. The target for Phase 2 may be laid down at 150 million broadband connections.
- c) **Phase 3: For the period 2016-2020.** In this phase, the Authority should seek to extend the broadband access to all the balance villages, taking into account the learnings of the Phase 1 and 2 and also keeping in mind the new technologies that would have evolved. The target of this phase should be 500 million additional connections, which would effectively cover all the households in the country.

Need to adopt a Technology Neutral Approach

FICCI is concerned to note that the main objective of this Consultation seems to be to get the stakeholder's views on the objective of creating nationwide robust **optical fiber network for providing connectivity from districts / cities to villages.** The consultation proposes to seek public response, inter-alia, to provide optical fiber connectivity to 3.74 lakh villages having population of 500 and above,

While this is an important objective, we believe that it is important for the Authority to leverage and harness all available technologies to achieve the national broadband objectives in the most expeditious and effective manner.

In this regard, FICCI would also like to draw attention to the extant policies as well as the oft-stated underlying principles of 'Technology Neutrality' (which, is mentioned at the central core of the success factors for Indian telecom sector in the October 2007 publication of the Authority titled 'A Journey Towards excellence in Telecommunications' recording 'Ten years achievement of Telecom Regulatory Authority of India' <http://www.trai.gov.in/achievement.pdf>). Hence, FICCI would like the Authority to look at leveraging all the existing and readily available telecom assets, technologies, infrastructure and other resources that are available within the country and not be restrictive in its approach to particular technological options / routes per se.

FICCI supports the development of a robust pan-India National Broadband Backbone but would like it to be technology neutral as well as assimilate and consolidate within itself the existing substantial public assets such as the National Internet Backbone (NIB) and the others in the public sector (BSNL, MTNL, PGCIL, RAILTEL & GAIL, etc.). Any incremental



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investment must be made only after careful assessment of the needs and with a commensurate plan to deploy devices and content so as to realize the full potential of existing and rolling out new / upcoming infrastructure.

Leveraging Existing Wireless Network Infrastructure

World over, WIRELESS BROADBAND technologies have been identified as the via media to overcome the aforementioned hurdles. In India too, UAS Licensees, have established considerable wireless infrastructure in rural areas. Further, with the recent 3G and BWA auctions, there is a strong case of leveraging this wireless infrastructure for provisioning of national broadband services. Not only will this reduce roll-out time but will also rationalize the CAPEX requirement. **The current technology options have already been deployed successfully in metro cities in India and their rapid scale up for provision of broadband services in rural areas can be expeditiously achieved by adopting a suitable incentive-based approach. Potential of wireless technologies need to be exploited for the increasing the broadband penetration. For this issues related to spectrum policy needs to be addressed urgently.**

Leverage & build upon the DoT Committee Report on Rural Telephony

The Authority's recommendations on rural telephony have already been considered by a Committee set up in DoT under the chairmanship of Joint Secretary (T). This Committee included independent experts, academicians from reputed institutes as also representatives from the industry bodies. The Committee has submitted an excellent report with a number of forward looking proposal for delivering broadband connectivity to rural India, which includes:

- Devise special subsidy schemes for wireless broadband, fiber based back haul, use of alternate energy sources, broadband applications & services, technology development, etc
- Grant substantial incentives to operators who roll out network faster than specified timelines
- Devise attractive schemes for rural broadband.
- Devise scheme for providing subsidy for laying OFC network to all Village Panchayats to be shared by various operators for backhaul purposes.
- Subsidize microwave/wireless/VSAT based backhaul wherever feasible, for effective and quick roll out of services.
- Development of area specific local content to address the local and immediate needs of the people
- Devise schemes for rural broadband connections in government run schools, primary health centers etc.
- Provide seed funding to select companies focused on developing rural specific and local language contents
- Create a corpus fund or provide funding support for micro financing of access devices like low cost PC/CPE through various state government agencies/ micro finance credit institutions.
- DoT to frame a National Telecom Infrastructure Policy to speed up deployment of infrastructure in rural areas by laying down guidelines for RoW, land acquisition, availability of power supply etc. desirable to make this policy into "National Telecom Infrastructure Act" or appropriate changes in Indian Telegraph Act which will be binding on state governments.
- USO should devise scheme to provide subsidy to service providers who deploy alternate energy sources in rural network.



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The Authority must take into account the recommendations made by the DoT Committee and synergize the same into its present consultation. A copy of the DoT Report is attached herewith.

Financial Incentives and Outlays

The National Broadband Plan needs to include backbone, last mile access network, CPEs/ devices and content. All elements/components are equally crucial. Though in its initial April 2004 recommendations on broadband, the Authority had made a set of extremely useful and relevant recommendations for fiscal incentives on these aspects, the Broadband Policy of October 2004 did not include any of these elements although it did mention that the fiscal incentives would be taken up by the Ministry of Finance. Unfortunately, we have not seen any positive movement on that front yet. It is therefore imperative that we once again include these aspects in the present consultation as well.

We once again express our concern that the present consultation dwells only on the financial aspect of laying of 11.46 lakh KM of OFC, with an indicated outlay for this at Rs 32,295 crores. We believe that in addition to this proposed estimate, it is also essential the consultation also includes the incentives and financial estimate of resources requirement for access network, CPEs, and content development to make the National Broadband Plan a comprehensive policy document and not be restricted to core network needs of OFC only.

Availability of Power Supply

As is well appreciated, adequate availability of power supply for the network as well as for the end-user devices is a huge challenge especially in the rural areas. In view of this, it may be appreciated that it is absolutely essential that this issue be dealt in parallel lest the broadband network languishes and/or remains unutilized for the majority of the time due to the lack of basic availability of power supply. The consultation paper must also address this fundamental issue.

Inter ministerial and State Level Aspects

The pull factor of broadband for the common man will largely depend on the services and applications available. Many of these relate to Government to Citizen Services (G2C). These aspects being inter – ministerial policy drivers and facilitation. While the industry is very agile in providing these, however, many issues like timely availability and mandatory provision of G2C services are dependent on the various Central and State ministries/departments. It is recommended that these issues be included in the present consultation as they will have a direct impact on the national demand for broadband. It is important to seek consultation on this aspect as well rather than be limited to RoW aspects at State level only.

Some suggestions in this regard could be as below:

- Rather than imposing any additional fees for e-transactions, it would be more useful to provide incentives for e-transactions to encourage take up and adoption; for example, for railway's e-tickets one has to pay more than what one pays at the counter whereas the cost is lower for the railways in case of e-tickets!
- As soon as the Direct Tax Code and the Goods & Services Tax are being implemented, the only mode of filing and paying taxes under the same must be mandatorily be electronic only. This would not only increase the efficiency of collections & disbursements but would also enhance the reconciliations.



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- Keeping in mind that several Micro, Small and (even) Medium enterprises (these also represent the bulk of FICCI's membership) may not be having their own broadband and related infrastructure, FICCI would recommend that the Government invests and promotes public access kiosks (including but not limited to the Common Service Centers under the National e-Governance Plan) both in the public sector as well as in the private sector that specifically assist in such transactions till such time that these units acquire in-house infrastructure and expertise.
- Considering that educational institutions, healthcare centres, gram panchayats, railway stations and post offices are places that not only act as physical hubs for human concentrations but also provide essential services to common people, FICCI would strongly urge priority for high speed broadband access to such anchor institutions to accelerate affordable (both for the government as a provider & enabler and the people as consumers) broadband access to a majority of population.

National Broadband Fund

While the Authority does envisage the use of USO support for meeting broadband objectives, FICCI would further like to suggest that a special Broadband Fund may be set up to specifically meet the national broadband objectives of the Government.

In this context, we would like to suggest that a percentage of the proceeds of say 20-30% from the recent 3G and BWA auctions may be earmarked for the National Broadband Fund.

The Government has earned far more from the recent auctions than was originally anticipated and thus it would be both desirable as well as appropriate that at least a part of the funds received from auction of spectrum for broadband are channeled back into the sector for achieving the broadband objectives.

In summary we feel that there is need to include the following aspects in this consultation:-

- (a) Scope of the National Broadband Plan should not be restricted to 2014 but be considered for the period 2010 to 2020.
- (b) Technology neutrality approach should be adopted. This should take into account and include all the extensive and available broadband assets and not be restricted to OFC only.
- (c) Wireless technologies should be leveraged for expeditious rollout.
- (d) TRAI Consultation/recommendations should build upon / leverage DoT Committee Report on Rural Telephony
- (e) Financial Estimates to include all aspects of Broadband.
- (f) Ensure availability of uninterrupted Power Supply
- (g) Address Inter Ministerial Issues that need to be implemented in a time bound manner to stimulate broadband demand and utility for masses.
- (h) Creation of a National Broadband Fund

More time to submit a detailed Response

We also take this occasion to highlight that the impact of the National Broadband Plan will have a major impact on all economic aspects and therefore this is a very important consultation. At FICCI we need to involve a larger cross-section of our members and request that the date of submission for our detailed submissions may kindly be extended till 7 August 2010.