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Government is responsible for telecom muddle

The high cost of telecom services has led to all round increase in overhead costs of industries. Even if the private operators maintain the same tariffs presently being charged by the DoT, that will be no relief for the users, says **Uttam Gupta.**

THE government may have interpreted the recent Supreme Court judgement as an endorsement of its privatisation policy of the basic telecommunication services, the fact remains that the latter has simply refrained from commenting on the policy.

Policy formulation and the manner of its implementation is the function of the executive which is expected to carry this out taking the Parliament into full confidence so as to best subserve the national economic interest and the well being of the common man at large. In view of this, it is unfortunate that instead of devoting time to discussion of the substantive issues relating to the policy in the Parliament, the opposition chose the wrong forum by petitioning the Apex court.

Privatisation of telecom services cannot be undertaken in vacuum. This is specially so when the exercise not only has serious ramifications from the users point of view, but also implications for the national security.

The entire privatisation exercise involving preparation of tender documents, invitation for bids, evaluation and selection of the bidders has been carried out by the government without putting the essentials in place. Although, recently, an ordinance has been promulgated constituting the Telecommunication Regulatory Authority (TRAI), it is yet to get Parliament's sanction.

The foremost issue relates to whether or not the selected bidders would be able to execute their roll out plans apart from fully paying the license fee. The network of the HFCL-BEZEQ combine which has been awarded the maximum number of circles, is too low in relation to the required investment and the astronomical license fee it will have to shell out to the government. The track record of the foreign partner ie BEZEQ, a public sector company in Israel, too raises doubts about the capability of the combine to imple-

several circles, the former being from little known companies like the HFCL-BEZEQ, one cannot escape the conclusion that the selected bids were on the higher side.

The private operator is investing primarily to make profit. Whatever investment is made including by way of payment of license fee, he will seek to recuperate through appropriate pricing of the services. Under the agreement, he is also expected to provide services in the rural areas (on a predetermined share of the total business) at concessional rate.

A related question is whether the private operator would be charging more or less or the same as the DoT. Already, the consume is groaning under the burden of exploitative tariff being charged by the latter. About three years back, for billing purposes, the DoT introduced the system of treating one call as several calls depending on how long you talk. This has led to bulging telephone bills without any extra cost to the DoT.

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miseries of the common man, the high cost of telecom services has led to all round increase in overhead cost of industries and service sector and aggravation of the inflationary pressures in the economy. Against this backdrop, even if the private operators maintain the same tariffs presently being charged by the DoT, that will be no relief for the users.

The government has ambitious plans to provide 10 million connections within a span of five years; in fact, providing a telephone on demand. But, what about the cost of this service and the reliability? What about traffic congestion? The phenomenon of dead phones? The delays in attending to the complaints?

These problems are a reflection on the poor state of the existing infrastructure with the DoT, obsolete/outdated equipment and lack of timely modernisation and technological upgradation. Above all, there is serious lack of trained workmen and complete absence of commitment to work and sensitivity to consumer needs. The government has no time to attend to these anomalies.

In recent years, as part of its overall programme of disinvestment of equity in PSUs, government has divested a significant share of its equity holding in undertakings in the telecom sector. Ironically, even the proceeds of such disinvestment are not made available to them. Now, the finance ministry is even eyeing at the licence fee for reducing its overall budget deficit; the money that could be better used for improvement of the

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The foremost issue relates to whether or not the selected bidders would be able to execute their roll out plans apart from fully paying the license fee. The networth of the HFCL-BEZEQ combine which has been awarded the maximum number of circles, is too low in relation to the required investment and the astronomical license fee it will have to shell out to the government. The track record of the foreign partner ie BEZEQ, a public sector company in Israel, too raises doubts about the capability of the combine to imple-

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The service providers have even approached the FIs for funds to enable them pay the license fee. This is some thing unusual as the licence to provide services is not a tangible asset and consequently, cannot be pledged as a security against loan. Moreover, in the event of the licence being cancelled, the funds lent by the FIs become totally unsafe. Notwithstanding these inherent risks, the government is reportedly busy helping out the providers to get funds from the FIs against licence fee.

Even so, the predominant reason for the government to opt for privatisation of the telecom sector was to facilitate development almost entirely through private capital. Now, if the private service providers are also allowed to encroach on public resources, the very objective of the policy gets frustrated.

The second vital issue relates to the impact of the licence fee on the users of basic services. Considering the huge gap between the highest and the second highest quotes in

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The government is also not inclined to relinquish control over the telecom services in the state sector. The long pending restructuring plan of the DoT which, amongst others, emphasises on granting autonomy to various agencies functioning under it, is still to be implemented. In fact, going by a recent statement of the communications minister, it would appear that the plan has virtually been dropped.

All this must change. The new government should implement reforms in the telecom sector without further loss of time. Improvement of the DoT network is also vital from the viewpoint of establishing technical compatibility and ensuring effective coordination with the private service providers.

Considering the critical role of the TRAI as a regulator of services, as an umpire for ensuring fair play and as an arbitrator in disputes, it needs to be made a truly autonomous and independent body with adequate enforcement powers to ensure that the service providers including the state sector, act in the best interest of the consumers and the overall national economy.