Editorial

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The limited mobility pipe-dream

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ON LEAVING his office for the day, an employee, whose home is 30 km away, gets stuck in traffic. Realising that the traffic would take time to clear, he would like to call his folks at home. But because a mobile phone is unaffordable, he cannot. Millions of people undergo this nightmare every day.

In this background, the Government's recent decision to allow operators of basic phone services to offer limited mobility based on WiLL (Wireless-in-Local-Loop) technology was well received. A mobile phone would enable the common man to make a call while on the move for a nominal Rs 1.20 a minute — less than a third of the rate charged by cellular operators.

The Centre's decision was aimed at advancing the benefits of the WiLL technology. It also sought to improve teledensity, foster competition, reforms and liberalisation. However, consumer-friendly decisions are not easy to implement. Ever since the announcement last month, the issue has been embroiled in controversy.

Following protests by cellular operators, the Government constituted a Group on Telecom-IT Committee (GOT-IT) under the chairmanship of the Finance Minister, Mr Yashwant Sinha, to re-examine the issue. The GOT-IT approved the introduction of WiLL-based limited mobility by basic operators within a short distance charging area (SDCA) of 25 km at Rs 1.20 per three minutes. However, this was subject to the fulfilment of certain conditions.

These include rolling out the service on a proportionate basis across urban, semi-urban and rural areas; achieving targets of rural telephony as per the obligations under the basic licence agreements; and the surrender of 95 per cent of the revenue from long-distance calls towards inter-connect charges. The last condition has upset basic operators the most as, at present, for a call made from the fixed phone, they have to shell out only 40 per cent.

The basic operators had projected the viability of providing WiLL service at Rs 1.20 per three minutes on the basis that the revenue would be shared at 60:40 for STD calls and 65:45 for ISD calls. If, as the GOT-IT recommended, they have to part with 95 per cent of the revenue from long-distance calls, it would be impossible to ensure the service's viability at Rs 1.20 per minute.

There seems no valid explanation for the proposed change in the existing revenue-sharing arrangement. The GOT-IT's recommendation may have been prompted by the need to provide a level playing field to basic operators offering limited mobility *vis-a-vis* cellular operators who are already covered by the 95 per cent dispensation. However, what it did not realise was that this would scuttle the chances of providing a mobile phone to the common man at an affordable price.

The Telecom Regulatory Authority of India (TRAI) recently notified a minimum effective rental of about Rs 600 per month (including rental on handset), chargeable from consumers using the WiLL system. It is estimated that despite the fixed phone operators not having to pay the licence fee for providing limited mobility, the condition of having to part with 95 per cent of the long-distance call revenues would result in a charge of about Rs 12 per three minutes for the service to be viable.

A level playing field could have been created by allowing the cellular operators to retain 60 per cent (or any reasonable percentage) of the revenues from a long-distance call against the present, ridiculously low, 5 per cent. This is logical since, with the introduction of WiLL-based limited mobility, they would lose a considerable part of their business from local calls that could be somewhat offset by allowing higher retention from long-distance calls.

Reportedly, such a proposal was mooted. But this was forgotten amid the ruckus created by the Bharat Sanchar Nigam Limited (BSNL), which would have lost hundreds of crores of rupees in revenue from inter-connect charges. Instead, the GOT-IT opted for the 5:95 formula for basic operators, offering limited mobility, which is un-workable.

A little wiser, the BSNL then threw a missive at the basic operators. Irrespective of whether they offered limited mobility or not, it has mooted a steep increase in its share of revenue from the existing 40 per cent to 70 per cent for STD calls and 45 per cent to 80 per cent for ISD calls made from a fixed phone. Even local calls have not been spared. It wants 50 per cent of the share against nothing earlier.

The BSNL has argued that the existing charges for the use of its network for carrying calls of private operators are subsidised. But these were initially fixed to help the latter roll out plans in a time-bound manner. However, whether or not these cover the reasonable cost of carrying the call is an issue that should be examined by the TRAI. But it is a little difficult to digest the idea of a Government undertaking subsidising a private party's phone service!

Meanwhile, the basic operators are trying to dissuade BSNL from the contemplated hike. If they do not succeed, the possibility of the former raising tariffs to maintain bottomlines is not ruled out. The latter would be happy with this turn of events as it would get a higher share of revenue towards inter- connect charges and the tariff on services provided by its network would also be raised.

Considering these, what is in store for the common man? Under the 5:95 dispensation recommended by GOT-IT, it is not likely that the WiLL-based service of limited mobility will be available to him. And, even if it is, it will be at a tariff substantially higher than the promised Rs 1.20 per three minutes. He would also have to pay more for long distance calls from fixed phones if BSNL's plans materialise. Contrary to the public pronouncements of the Government, BSNL, basic operators and cellular operators, the users' concerns of getting telephone services at affordable rates will get the least priority. Had the Government cared, the GOT-IT would not have come out with the unrealistic prescription of 5:95 and the mess could have been avoided.

Ideally, while keeping the existing 60:40 ratio for basic operators offering limited mobility unchanged, a level playing field can be ensured by increasing retention by cellular operators from long distance calls from 5 per cent to, say, 40-50 per cent. The BSNL should appreciate that even at 60-50 per cent as its revenue share, its remuneration for carrying calls, would be handsome.

WiLL or no WiLL, if the basic operators in the private sector are required to pay the BSNL more towards inter-connect charges, the users will eventually have to shoulder this burden through higher call charges. If the Government is really concerned about the users, it should not allow a hike.

The above way would be consistent with the overriding need to provide limited mobility at an affordable price and achieve the desired teledensity. If, on the other hand, the Government/BSNL continue to adopt an inflexible attitude, an early end to the stalemate appears unlikely.

The new Telecom Policy (1995) allows basic operators in the private sector to establish direct inter-circle connectivity. Its objective was to enable operators to carry calls on their own networks instead of banking on the infrastructure in the public sector. The Government should take necessary steps to facilitate this as this will promote increased competition and faster/smoother communication in the medium to long run.

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