

A non-policy

The telecom policy does not address the basic problem of government control, says Uttam Gupta

EVEN as the basic telecommunication services in the country continue to languish, the government has announced ambitious plans for growth and expansion during the next three to four years. The recently unveiled National Telecommunication Policy (NTP) virtually takes the common man into a dreamland of sorts when it talks of providing a telephone on demand by the year 1997 and covering all the 579 thousand villages in the country under the telephone network. There is no reason for discomfiture so long as the objective is to show dreams which the common man should have got used to by now. If, however, the ground reality is somewhat different and the sensitivities of the aspirants have been aroused to the point of developing even feeble expectations, then it is necessary to evaluate what precisely the NTP would mean in concrete terms.

Four basic prerequisites are fundamental to making a success of any policy. These are availability of resources, a conducive policy framework, effective management and a vibrant and responsive workforce. On the resource front, corresponding to the originally envisaged target of 7.5 million additional telephone lines, the government had estimated a shortfall of Rs 7,500 crore. With an additional 2.5 million lines now proposed and on the basis of an estimated Rs 47,000 being the cost of one line, the incremental requirement of funds would be Rs 11,500 crore. Another Rs 4,000 crores would be needed to provide services in the rural areas. Thus, the resource gap would be a monumental Rs 23,000 crore. This is clearly beyond the means of the government which would in fact, expect the private sector, both within India and abroad, to give practical shape to its ambitious plans.

That brings us to the critical question of the policy environment. The NTP proposes to invite private companies in the setting up of telecom network even in the basic services, besides the value added segment which has already been thrown open. But the guidelines on the basis of which such participation would be sought are missing.

After the announcement of the policy, the telecom chairman was reported to have evaded this critical issue when he quipped that the

guidelines would follow. Juxtapose this with the assertion of a "case-by-case" approach by the communications minister and one can safely conclude that there is no clear-cut policy.

While these vital issues remain unanswered, the government has hinted, in no ambiguous terms, that the companies will not be free to fix the tariff levels, and more specifically, these will have to reflect the capacity of the users particularly in rural areas to pay for these services. These signals would only make the prospective investors disinterested from the

But something that cannot be approved is the syndrome evident in a majority of the government departments and enterprises, that is, "we will not work and yet no one can even dare disturb us from our jobs." That is true of a large number of private companies as well.

The existing labour laws have only made things worse. The government's lenient attitude on this is not hidden from anyone. So, when it comes to setting up of new facilities or handing over of existing networks to the private sector, the government's approach to the question of who

or a regulatory body as recommended by the Athreya Committee.

The regulatory body would be expected to invite competitive bids and determine the best offer. Considering the intensity of competition, there is no reason why this process on its own would not generate reasonably low levels of tariff.

The government will also have to take advance measures to ensure various administrative clearances at the state and local levels. This is necessary for the timely completion of projects.

While this package is for the future, there is need to take adequate care of the existing network. Telephones frequently go out of order, the lines are very often engaged and in many instances bills have been found to be inflated. Mismanagement, inefficiency and non-existence of a work ethos are the root causes of these problems. Indeed the recommendation to wind up the MTNL as also the corporatisation plan of DoT mooted by the Athreya Committee, needs to be viewed in this perspective. These recommendations seem to have been virtually abandoned now.

Officers and employees in a government set up feel absolutely secure despite inefficiency or irregularities that they may be committing or even specifically charged of. If the government is really serious about stemming the rot and improving the functioning, there is no escape from divesting the services from state control and giving way to a new dispensation in which independent functioning of the management, accountability to the users of the services and transparency in operations are ensured.

A business like approach would really involve immediate implementation of the corporatisation plan with adequate care being taken to ensure that the proposed four subsidiaries of the Telecom Corporation have fairly independent boards manned by professionals. This would not only help in improving the services of the existing network, it would also enable the government to take the lead in facilitating realisation of even the goals with respect to the future. For instance, a tie-up between MNCs and a government owned but professionally managed company would be an ideal option which would take care of the government's socio-political concerns as well.



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Effective management cannot be divorced from the issue of ownership. Telecom being a basic infrastructural industry, the government has still not reconciled itself to the idea of relinquishing control in favour of the private sector. The reluctance is evident from the repeated stress on security and strategic considerations. So, we have a vicious circle here. The net outcome will be an impasse with no worthwhile investment proposal taking shape.

Even assuming that these decks are cleared, the government's approach to employment will constitute a major hindrance. No one would deny the need for any privatisation programme to have a human face.

should be employed and how many, will be a serious limitation.

These hard realities being what they are, what to talk of 1997, even by the end of this century it is impossible to see half the job through. Even half the job would call for a clear-cut, conducive, stable and consistent set of policy guidelines to be announced without further loss of time. Needless to mention, the consumer's interest would be served best by leaving the suppliers of these services free to operate in a competitive environment. Because of the intrinsic nature of the service, telecom does not obviously allow for the possibility of too many operators. The responsibility for coordination should be entrusted to an independent commission