Governing Telecommunication in India

For Prelims: Department of Telecommunications (DoT), Indian Telegraph Act, Mobile Virtual Network Operators (MNVO), 5G, Average Revenue Per User (ARPU), Telecom Regulatory Authority of India (TRAI)

For Mains: Significance of Telecommunication Sector in India and the need for its Regulation

Why in News?

Recently, The **Department of Telecommunications (DoT)** under the **Ministry of Communications** has invited input on the need to revise the legal framework governing the telecom sector.

- It has also released a **consultation paper** which suggested the need for a new legal framework that is **clear, exact, and in tune with the altering occasions** and applied sciences.

Why the Need for a New Framework?

- The legal foundation for telecommunications in India is defined by laws created long before India's independence.
- Technology has advanced substantially in recent decades since the **[Indian Telegraph Act](#)**, came into force on October 1, 1885. Hence, the stakeholders have been demanding evolution of legal framework to keep it in tune with changing technology.

What are the Suggestions?

- **Collaborative Regulation:**
    - To evolve a new **legal framework enabling spectrum utilization in a liberalized and technologically impartial method.**
    - Also, guarantee flexibility to the central authorities for spectrum utilization in the public curiosity.
- **Rethink Frequency Range:**
    - The law needs to contain provisions for **re-framing and harmonization of the frequency range.**
- **Simple Framework:**
    - To further, **simplify the framework** for mergers, demergers, and acquisitions, or different types of restructuring.
    - To strike a crucial balance between continuity of service and safeguarding public interests.
- **Enhance Security:**
    - Must have applicable provisions for **addressing conditions of public emergency, and public security** and for taking measures within the pursuits of nationwide safety.
- **Continuation of Service:**
    - In case of insolvency-related issues in the telecom sector, the focus should be on continuity of service.
    - The proceedings **should not lead to suspension of license as long as the services continue to be provided,** and there is no default in payment of dues against the telecom

license or use of spectrum.

What is the Present Status of the Telecom Sector in India?

- **About:**
    - The telecommunications industry is divided into the following subsectors: **Infrastructure, Equipment, Mobile Virtual Network Operators (MNVO), White Space Spectrum, 5G, Telephone service providers, and Broadband.**
    - The Telecom industry in India is the **second largest in the world with a subscriber base of 1.17 bn** as of April 2022 (wireless + wireline subscribers). India has an of which,
        - The teledensity (the number of telephone connections for every hundred individuals living within an area) of the rural market, which is largely untapped, stands at 58.16% while the teledensity of the urban market is 134.70%.
    - The Telecom sector is the **3rd largest sector in terms of** FDI inflows**, contributing 7% of total FDI inflow, and contributes directly to 2.2 mn employment and indirectly to 1.8 mn jobs.**
        - Between 2014 and 2021, the FDI inflows in the Telecom sector rose by 150% to $20.72 bn from $8.32 bn during 2002-2014.
- **Issues:**
    - **Declining Average Revenue Per User (ARPU):** ARPU's decline now is sharp and steady, which, combined with falling profits and in some cases, serious losses, is prompting the Indian telecom industry to look at consolidation as the only way to boost revenues.
    - **Lack of Telecom Infrastructure in Semi-rural and Rural areas:** Service providers have to incur huge initial fixed costs to enter semi-rural and rural areas.
    - **Pressure on Margins Due to Stiff Competition:** With competition heating up post entry of Reliance Jio, other telecom players are feeling the heat of a substantial drop in tariff rates both for voice call and data (more significant for data subscribers).
- **Government Initiatives:**
    - The Department of Information Technology intends to **set up over 1 million internet-enabled common service centres across India** as per the **National e-Governance Plan.**
    - FDI cap in the telecom sector has been increased to 100% from 74%. Out of 100%, 49% will be done through the automatic route and the rest will be done through the **Foreign Investment Facilitation Portal (FIPB)** approval route.
    - FDI of up to 100% is permitted for infrastructure providers offering dark fiber, electronic mail, and voicemail.
    - In 2021, the Union Cabinet approved a **number of structural and process reforms in the Telecom sector.**

Way Forward

- A proactive and facilitatory government role in the telecom sector is the need of the hour given the huge opportunities provided by the sector.
    - Independent and statutory body, **Telecom Regulatory Authority of India (TRAI)** has an important role to play as a watchdog of the sector.
- A more proactive and timely Dispute Resolution by **TDSAT** (Telecom Disputes Settlement and Appellate Tribunal) is the need of the hour.
- The new regulatory act must contain relevant provisions on taking measures to ensure emergency situations, public safety and national security.
    - Further, the punishment must be proportionate to the violation, with this in mind, the new law needs to be updated, bringing together various provisions on fines and offences.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. In India, the term "Public Key Infrastructure" is used in the context of (2020)

(a) Digital security infrastructure
(b) Food security infrastructure
(c) Health care and education infrastructure
(d) Telecommunication and transportation infrastructure

Ans: (a)

Exp:

- Public Key Infrastructure (PKI) is a technology for authenticating users and devices in the digital world. Under this system, one or more trusted parties digitally sign documents certifying that a particular cryptographic key belongs to a particular user or device. The key can then be used as an identity for the user in digital networks. **Therefore, option (a) is the correct answer.**