

Government of India
Ministry of Communications and Information Technology
Department of Telecommunications

**ACHIEVEMENTS AND POLICY INITIATIVES IN THE TELECOM
SECTOR IN TAMIL NADU**

The proactive policies of the Department of Telecommunications have resulted in an unprecedented growth of the telecom sector. The Department of Telecommunications has been able to provide state of the art world class infrastructure at globally competitive tariffs and reduce the digital divide by extending connectivity to the unconnected areas. The last five years have seen renowned telecom companies setting up their manufacturing bases in India.

The Indian telecom sector is currently witnessing a resurgent growth and as emerged as the fastest growing telecom market in the world with the addition of over 10 million subscribers per month. Handsets are being sold at a price, which are within the reach of the common man, which in turn has made India one of the most sought after telecom manufacturing destinations.

TAMIL NADU TELECOM

I. PERFORMANCE OF TELECOM SECTOR IN TAMIL NADU

Broad Indices of Development

- The total numbers of telephone connections have gone up from 6.69 million in January 2005 to 27.60 million in January, 2009.
- Wireless connections have gone up form 3.62 million in January 2005 to 25.33 million in January, 2009.
- Rural telephones have gone up from 0.94 million in January 2005 to 7.69 million in January, 2009 while urban telephone have gone up from 5.74 million in January 2005 to 19.91 million in January, 2009.
- Overall tele-density has gone up from 11.21 percent in January 2005 to 46.42 per cent in January, 2009.
- Rural tele-density has gone up from 2.73 percent in January 2005 to 23.94 per cent in January, 2009.
- The BSNL 3G services were launched in Chennai on 22.2.2009.

- In Tamilnadu, MNP service will be available in the first phase of implementation and most likely by September 2009. Letters of Intent for grant of MNP licences have already been issued.

Development in Telecom Manufacturing

The last three years saw many renowned telecom companies setting up their manufacturing units in Tamil Nadu.

- Flextronics Industrial Park, in Sriperumpudur and R&D facility of Ericsson in Chennai were inaugurated in Nov 2006.
- Ericsson launched their R&D Centre in Chennai.
- New manufacturing facility of Nokia in Chennai with an investment of about US\$ 150 million commenced production from Mar 2006.
- Telcordia India labs was inaugurated by MOC&IT in June 2006 in Chennai.
- Number of SEZs were set up in Tamil Nadu during the last three years.
 - Nokia set up SEZ near Chennai with investment of about US\$ 300 million.
 - Flextronics SEZ near Chennai, with investment of US\$ 200 million.
 - Motorola Foxconn SEZ near Chennai with investment of about US\$500 million.
- Ericsson invested US\$ 150 million upto 2006 and US\$200 million invested in 2008 for manufacturing GSM Base Stations and Mobile Switching Equipment. Ericsson launched their R&D facility and Global Service Delivery Centre in Chennai with an investment of US\$100 million.
- High density interconnections PCB manufacturing plant set up by Aspocomp in Chennai with an investment of US\$ 200 million.
- Manufacturing of mobile handsets and components and Electronic Hardware and related services set up by Foxconn in Chennai with an investment of US\$110 million.
- Alcatel invested US\$ 80 million for WiMax Center at Chennai, Technology transfer/revival of ITI at Manakapur and Rae Bareli.
- Siemens invested US\$ 100 million for telecom Equipment Manufacturing at Chennai, Hyderabad and Kolkata.

IA). **PERFORMANCE OF INDIAN TELECOM SECTOR (OVERALL)**

Broad Indices of Development

- The total numbers of telephone connections have gone up from 135.69 million in January 2005 to 400.04 million in January 2009.
- Wireless connections have gone up from 56.94 million in January 2005 to 362.22 million in January 2009.
- Rural telephone have gone up from 13.56 million in January 2005 to 112.70 million in January 2009 while urban telephone have gone up from 84.80 million in January 2005 to 287.33 million in January 2009.
- Overall tele-density has gone up from 8.95 percent in January 2005 to 34.50 per cent in January 2009.
- Rural tele-density has gone up from 1.73 percent in January 2005 to 13.81 per cent in January 2009.
- The broadband subscribers have gone up from 0.18 million in January 2005 to 5.65 million in January 2009.
- Focused programme to provide Village Public Telephones in 66,822 uncovered villages has been undertaken and as against this target the total numbers of VPTs provided to villages were 56,400 till 30th January, 2009.
- FDI equity inflow has gone up from 477.74 million dollar in January 2006 to 1619.2 million dollar in Aug 2008.

II. **ACHIEVEMENTS IN THE LAST FIVE YEARS**

Network Expansion

- 6 new Unified Access Services (UAS) Licences have been issued for Tamilnadu (including Chennai) service area. Now there are total 12 telecom access service licensees in the State of Tamilnadu. Besides this, 3 companies have been granted permission to provide telecom service by using dual technology spectrum under their existing licences.
- The Public Sector Undertakings of DOT introduced one India plan i.e. single tariff of Rs. 1/- per minute to anywhere in India from 1st March 2006. This tariff was

emulated by most of the private service providers also. This scheme has led to death of distance in telecommunication and is going to be instrumental in promoting National Integration further.

- SACFA sitting procedure for cellular tower etc. had simplified for sites more than 7 Kms away from nearest airport and having height less than 40 meters for reducing the lead-time for creation of cellular infrastructure.
- Project for submarine cable connectivity between India and Singapore, India and Gulf countries initiated by MTNL and BSNL to provide cost effective international bandwidth.
- With the introduction of Automatic Spectrum Management System (ASMS) in DOT, the online filing of Wireless Licensing application was commenced.
- In 3 GSM World Congress held in Barcelona, 2007, India received the “Leadership Summit Award” for outstanding contribution in GSM rolls out and best practices.
- Wireless Data Card services for internet and other data services were commissioned in the Kashmir valley on 26th October 2007 by Hon’ble MOC&IT.
- The Government allowed telecom companies to provide mobile services upto international borders. However, within 10 km along the line of control and line of Actual Control in the areas of Akhnoor and Pathankot of J&K, the Base Station Site (BTS) location will have specific approval of Government.

Licensing Liberalization

- FDI Ceiling increased from 49 per cent to 74 per cent in the telecom services.
- Annual license fee for National Long Distance (NLD), International Long Distance (ILD), Infrastructure Provider-II, VSAT commercial and Internet Service Provider (ISP) with internet telephony (restricted) licenses was reduced to 6% of Adjusted Gross Revenue (AGR) w.e.f. Jan 2006.
- Entry fee for NLD licenses was reduced to Rs. 2.5 Crore from Rs. 100 Crore. Entry fee for ILD be reduced to Rs. 2.5 Crore from Rs. 25 Crore.
- Lease line charges reduced to make the bandwidth available at competitive prices to facilitate growth in IT enabled services.
- Carriage Charges reduced by around 50% from 110 paise per minute to 65 paise per minute.
- NLD service providers permitted to access the subscribers directly for provision of leased circuits/closed user groups and can provide last mile connectivity. The ILD

service providers also access the subscriber directly only for provision of leased circuits/closed user groups.

- Access service providers allowed to provide Internet telephony, internet services and broadband services.
- The Indian Companies in the field of International Bandwidth became a leading global player through international acquisitions. They are now able to provide International Bandwidth from anywhere to anywhere in the world at competitive prices.
- In July 2006, the Hon'ble MOC&IT launched an initiative by the Telecom industry for sharing of cellular infrastructure in the urban areas starting with Delhi. This initiative includes sharing of cellsites, tower, power backup etc among the operators to minimize regulatory delays and operational cost.
- Frequency allocation for phase-II of FM Radio commenced.
- Inauguration of Falcon Undersea cable was done in Sep 2006. It will improve connectivity to middle-east countries and is expected to result in drop of bandwidth prices.
- BSNL reduced tariff for international calls to Sri Lanka by 40% and Middle East countries by 20% from Oct 2006.
- During January 2008, 6 licensee companies were permitted for the usage of dual technology spectrum.
- 120 new Unified Access Services (UAS) Licences were granted to 16 companies during February-March 2008.

III. MAJOR POLICY ACHIEVEMENTS

(a) **Guidelines for intra service area Merger of Cellular Mobile Telephone Service (CMTS)/ Unified Access Services (UAS) Licences**

Government has issued detailed guidelines permitting intra service area Merger of CMTS / UAS Licences for proper conduct to Telegraphs and Telecommunication services. The guidelines will ensure merger and acquisition would take place within the guidelines approved for the better and efficient telecom performance.

(b) **Adoption of international commission on Non-Ionizing Radiation protection (ICNRP).**

Adoption of ICNRP Guidelines in Telecom Sector in India regarding basic restriction and reference levels for limiting EMF exposure. These conditions has been incorporated in import licenses of mobile sets. Manufacturers of mobile sets in India are being asked to adopt these standards and self certify the products. Similarly the custom authorities should notify that mobile handsets being imported should bear certification of the manufacturer that they meet these standards.

(c) Setting up 7 Telecom Centres of Excellence:

Approval for setting up of 7 Telecom Centres of Excellence at premier academic Institution at selected IITs, IIM Ahemadabad and IISc. Bangalore was given during the year 2007. These Telecom Centres of Excellence have already started functioning in the country to give fillip to research and development in the telecom sector.

(d) Setting up of Centre of communication security, research and monitoring

Approval has been given for setting up Centre for Communication security research and monitoring with a Centralized model for telecom lawful interception, monitoring and analysis.

(e) Guidelines for infrastructure sharing

Government has issued detailed guidelines on sharing of both active and passive infrastructure to different service providers in order to reduce input of telecom Access service providers and facilitate further reduction in tariff as well as enhanced tele-density in rural areas.

(f) Total amount disbursed under the USO Fund upto 31.03.2008 was Rs. 6371.44 Crores.

IV. NEW INITIATIVES IN THE TELECOM SECTOR

(a) 3G Services and Broadband Wireless Services

The government has in a pioneering decision, decided to auction 3G & BWA spectrum in February 2009. The broad policy guidelines for 3G & BWA have already been issued and allotment of spectrum has been planned through simultaneously ascending e-auction process by a specialized agency. New players would also be able to bid thus leading to technology innovation, more competition, faster roll out and ultimately greater choice for

customers at competitive tariffs. The 3G will allow telecom companies to offer additional value added services such as high resolution video and multi media services in addition to voice, fax and conventional data services with high data rate transmission capabilities. BWA will become a predominant platform for broadband roll out services. It is also an effective tool for undertaking social initiatives of the Government such as e-education, telemedicine, e-health and e-Governance. Providing affordable broadband, especially to the suburban and rural communities is the next focus area of the Department.

BSNL & MTNL have already been allotted 3G & BWA spectrum with a view to ensuring early roll out of 3G & WiMax services in the country. They will pay the same price for the spectrum as discovered through the auction. While, Honbl'e Prime Minister launched the MTNL's 3G mobile services on the inaugural function of 'India Telecom 2008' held on 11th December, 3G services of BSNL are likely to be launched in Chennai this month.

(c) **MOBILE NUMBER PORTABILITY (MNP) SERVICE**

Mobile Number Portability (MNP) allows subscribers to retain their existing telephone number when they switch from one access service provider to another irrespective of mobile technology or from one technology to another of the same or any other access service provider. Decision to implement Mobile Number Portability service in India was taken. In Tamilnadu, MNP service will be available in the first phase of implementation and most likely by September 2009. Letters of Intent for grant of MNP licences have already been issued.

(d) **MOBILE VIRTUAL NETWORK OPERATORS (MVNOS)**

The Government have taken decision on TRAI's recommendations on 'Mobile Virtual Network Operators (MVNOs)'. Input of TRAI on certain issues in their recommendation as sought by DOT have been received and the guidelines for MVNOs shall be announced shortly.
