

India Steps Up Its Fiber Commitment

India's proposed national fiber network will make that country more economically competitive – and should spur the U.S. to get moving with FTTH. Good for Bandwidth Hawks.

By Steven S. Ross ■ *Broadband Communities*

India's central government raised the ante on its fiber-to-the-home bet in November by announcing a national, government-run, open-access fiber network.

Keynoting the Broadband Tech India Conference in New Delhi, Milind Deora, union minister of state for communications and IT, promised “nondiscriminatory access to all types of information and services.” He added, “This would be a high-speed network in which the government would partner with the telecom industry to plan an entire ecosystem that will transform the country.”

The Telecom Regulatory Authority of India (TRAI) also proposed new incentives for rural deployments; whether these would be folded into the open-access initiative is unclear. At the conference, TRAI chairman J. S. Sarma said telecommunications, including fiber, wireless and other technologies, will play a large role in India's economic growth.

About 60 percent of India's population lives in rural areas, which until recently barely had telephone service. But rural residents vote, and they put the ruling Congress Party into power. Now, farmers price and sell their crops before they truck them to market towns. They get planting advice through SMS. The government's distribution of tablet computers for less than \$50 each and its plans for a national fiber network place India on course to have the world's largest economy in less than 20 years.

Managers of BSNL, the government-owned telco, had mixed opinions about

the proposals' chances. The technical personnel I talked to, who are building a 100 Mbps GPON network in the university town of Pune, were excited about the technical challenges of a national open-access network. (They believe the primary technology used will be 10G GPON.) However, business managers saw hurdles – not just money but also union opposition. Though BSNL is no longer a monopoly, its powerful unions have blocked attempts to sell any portion of the carrier to the public.

The unions have not reacted publicly to the proposed open-access idea. On the one hand, it would dilute BSNL's share of end-user services, and BSNL has not always succeeded in its cooperative ventures. (A partnership that provided IPTV services in Chennai collapsed the very week I talked to BSNL, after attracting fewer than 1,000 customers.) On the other hand, a national initiative might expand the overall broadband pie enough to preserve jobs within BSNL.

FINANCING THE NETWORK

India's Universal Service Obligation fund cannot fund a national network in less than 10 years even if carrier fees are recycled directly back for more construction. Other sources of capital will likely be needed.

If Deora's proposal is adopted, capital from the USO will almost certainly be magnified by the classic Indian approach of leasing equipment – in effect, borrowing the network from vendors. That approach helped fuel the astonishing growth in mobile use over the past few years, when India added 10 million mobile customers a month and went from 100 million to 600 million mobile users.

India's economic growth is expected to slow this year to 7.5 percent. However, because India does not depend heavily on exports and is relatively isolated from world economic turmoil, it has no pressing need for broadband-as-stimulus.

TRAI pushes telecom in uniquely Indian terms: Networks use almost no land (and thus displace few, if any, tenant farmers) yet create construction jobs nationwide. In addition, 90 to 95 percent of the investment is domestic.

Chinese broadband behemoth Huawei placed a bet on the network when it announced in November that it will open a large R&D center in Bangalore. Huawei may be thinking what I am: India became a support center powerhouse with strategic deployment of broadband to the right places. Imagine what it can do now if it extends broadband to everyone. And shouldn't we be having the same conversation here? ❖

About the Author

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