

India second-largest wireless market in the world: study

Mobile telephony has grown rapidly in India, especially during the last three years, with India becoming the second-largest wireless market in the world, says a World Bank study.

The number of wireless subscribers in the country has reached 250 million, making India the second-largest wireless market in the world, says the study, *The Role of Mobile Phones in Sustainable Rural Poverty Reduction*.

Authored by Asheeta Bhavnani, Rowena Won-Wai Chiu, Subramaniam Janakiram and Peter Silarszky, the study says India is now second only to China, with tele-density already surpassing the 25 percent mark.

Currently, China is adding about 6-7 million new subscribers per month, India about 8-9 million and the US about 2-3 million, it notes.

'The private sector is also active in India and there are a number of telecommunication companies providing mobile telephone services who have to compete for market share and meet consumer expectations,' according to the study released recently.

It argues that mobile telephony has a positive impact on economic welfare by generating GDP; job generation (both in the mobile industry and the wider economy); productivity increases; and taxation revenue with mobile operators usually being a sizeable contributor.

Telecom, IT services and software researcher firm Ovum, based in North America, had already pointed out the economic benefit of mobile services in India, in another study in January 2006.

Ovum had also reported that the mobile telephony sector contributed Rs.145 billion (\$3.6 billion) per year in import duties, licence fees, spectrum fees, and taxation revenues in India.

The World Bank study said mobile phones also cause an impact at the micro level in reducing poverty. 'For example, reducing market inefficiencies in Bangladesh or information asymmetries in India.'

Other studies have shown that fishermen in Kerala use mobile phones to arbitrage over price information from potential buyers and coordinate sales, helping them to increase incomes and reduce wastage.

Since the use of mobile phones in 1997 there, the technology has had an impact in ensuring 'price stability for the consumer and a nearly perfect spatial arbitrage replaced a collection of autarkic fishing markets', notes the study.

A 2001 survey of 300 sardine fishing units found that phones were bought by the largest boats first as they could get the largest possible arbitrage gains and could afford the \$100 phones.

This earlier study concluded that the use of mobile phones increased consumer surplus (by an average of six percent); increased the fishermen's profits (by an average of eight percent); reduced price dispersion (by four percent) and reduced waste (which was averaging 5-8 percent of daily

catch, before the use of mobile phones).

It said that, like the fishermen finding out where to land their catch, other Indian rural communities could possibly find innovative ways to apply technology not previously available to them.

Yet, it noted, 'none of this would be possible without a new pricing model that has re-valued SMS from a mere 10 percent side player in revenue streams to a main staple'.

Similarly, it said that if multimedia functions could also be price-dropped from an elitist, overpriced niche product for tech geeks to a commoditized mass market necessity, these functions could drive rural economic and social transformation.

Frederick Noronha (© IANS / India eNews)