

India to have 650 mn telephone users by 2012: survey

Telephone connections in India are expected to touch 650 million, including 200 million in rural areas, within the next five years, said the annual Economic Survey 2006-07 Tuesday.

'By the end of 2012, a total of 650 million telephone connections (including 66 million telephone wired and 584 million wireless connections) are expected to be achieved,' said the report presented by Finance Minister P. Chidambaram in parliament here.

With the 200 million rural telephone connections, the tele-density in rural India would reach 25 percent, the report said.

According to the survey, telephone connections will reach 250 million by the end of 2007.

The telecom sector has been able to attract a considerable amount of foreign investment, especially in the telecom equipment manufacturing sector.

The production of telecom equipment has increased from Rs.160.90 billion to Rs.178.33 billion.

'Rising demand for a wide range of telecom equipment, particularly in the area of mobile telecommunication, has provided opportunities to domestic and foreign investors in the manufacturing sector,' it stated.

However, the report has also pointed out the requirement of foreign direct investment (FDI) for network expansion.

'The FDI policy provides an investor-friendly environment for the growth of the telecom sector,' the report said.

'The total FDI approved and the actual inflow up to July 2006 were Rs.38,923.38 crore (Rs.389.23 billion) and Rs.11,801.46 crore (Rs.118.01 billion), respectively,' it added.

On the growth of the wireless sector, the report noted that wireless subscribers were growing at a compound annual growth rate (CAGR) of above 90 percent per year since 2003.

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