

NEW DELHI, Oct. 23, 2013 /PRNewswire/ -- The GSMA today released an in-depth analysis of the socio-economic impact of the mobile industry in India. The report, "Mobile Economy India 2013", developed by the GSMA in collaboration with the Boston Consulting Group, reveals that in 2012, the mobile ecosystem generated approximately 5.3 per cent of GDP for

India

, directly supported 730,000 jobs and an additional two million jobs when points of sale and distributors are included. The report further predicts that by 2020, mobile will contribute almost US

\$400 billion

to

India's

GDP, create 4.1 million additional jobs

¹

and invest US

\$9 billion

in

India's

infrastructure, with US

\$34 billion

contributed to public funding.

India is already the second largest market in the world in terms of mobile connections and unique subscribers ², with nearly 900 million mobile connections and 350 million subscribers. With improved spectrum pricing and management, growth of mobile broadband services is expected to continue, with 3G and 4G adoption projected to increase by 31 per cent - from 107 million 3G and 4G connections in 2013 to 409 million connections in 2017. However, the Indian mobile industry still lags behind most major economies in terms of mobile maturity and penetration.

"The Indian mobile industry is fast-paced and innovative, but it currently lacks the regulatory environment to support its ambitions," said Anne Bouverot, Director General, GSMA. "An absence of predictable, long-term policies in areas such as the allocation of radio frequencies is

acting as a brake on investment. The Indian government's target of increased rural coverage would be supported by a more flexible spectrum policy, particularly the release of more frequencies in the bands below 1 GHz and the development of allocation processes that do not focus solely on maximising short-term spectrum fees."

Barriers to Change and Key Policy Asks India's regulatory environment does not allow the mobile sector to deliver its full potential. Network infrastructure investment in India

is being held back by government policies that drain investment capacity from the sector, for example, by imposing high universal service fees.

The report calls on the government to work with the mobile industry to design policies and regulations that maximise long-term private sector investment. In order to invest, the industry needs clarity on the direction of the overall economic and regulatory environment that will be put in place to support this path. The report identified three regulatory policy areas that require particular attention:

1. Spectrum Management Following international guidelines, the government is encouraged to allocate and release more harmonised spectrum in larger blocks, which will prevent unnecessary market fragmentation. However, at present, approximately 60 per cent of the relevant spectrum is yet to be allocated and large blocks specifically identified for mobile are occupied by other sectors.

To increase the efficiency of spectrum use, the government is urged to clear the way for market-driven sharing and trading of spectrum resources. The government is also encouraged to adopt lower spectrum reserve prices. TRAI's recent proposal is a step in the right direction.

2. Universal Service Obligation Fund (USOF) Levy India has one of the world's highest universal service levies – five per cent of operating revenues – which would benefit from a full review. The report states the government should focus on fostering public-private partnerships for the implementation of projects and seeking alternative funding sources, rather than constraining industry development with ineffective financial mechanisms, such as the USOF levy.

3. Balanced and Evidence-Based Radio Frequency Emissions Requirements The recent regulation adopted by the Indian government goes beyond global standards, increases network costs and can reduce service quality. Best practice for radio frequency limits, based on International Commission on Non-Ionizing Radiation Protection (ICNIRP) and endorsed by the World Health Organization, should be followed instead.

Enabling Power of Mobile Increased penetration of mobile technology in India will bring with it many socio-economic benefits. In agriculture, mobile solutions improve yields and support farmers with enhanced contact with markets. Greater access to healthcare and reduced mortality are also facilitated by mobile solutions, while mobile technology brings financial services to rural and underserved communities. By utilising the power of mobile, "education for all" is a goal that is increasingly within reach. Government has an important role to play in all of these areas by removing barriers to the integration of mobile solutions in an increasingly connected world.

"India is on the cusp of dramatic transformation, both economically and socially, through mobile," continued Bouverot. "The mobile industry is ready to work closely with government, as well as other adjacent industry sectors, to accelerate growth through mobile, increasing technological innovation in India and enhancing the lives of all its citizens."

The full report can be viewed here: <http://www.gsma.com/mobileeconomyindia>

Notes to Editors¹ This figure represents a combination of direct employment by mobile operators, jobs across the mobile ecosystem and the multiplier effect caused by the positive business impact of the mobile ecosystem on wider industries, further boosting job creation.

² Mobile connections refer to total unique SIM cards (or phone numbers, where SIM cards are not used) that have been registered on mobile networks. Unique subscribers refer to individual mobile users.

About the GSMA The GSMA represents the interests of mobile operators worldwide. Spanning more than 220 countries, the GSMA unites nearly 800 of the world's mobile operators with 250 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and Internet companies, as well as organisations in industry

New GSMA Report Reveals Unique Role Played By Mobile In India's Transformation

Written by Australian Business

sectors such as financial services, healthcare, media, transport and utilities. The GSMA also produces industry-leading events such as Mobile World Congress and Mobile Asia Expo.

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