

## Infra Sectors that boost Growth

### What is the issue?

Now that the government has bagged Rs 1.5 trillion from the 5G auction, the question is regarding the prospects for growth.

### What do findings indicate regarding the infra sectors?

- **World Bank study (2021)**- Infrastructure, especially electricity generation and telecommunications, significantly affected economic growth.
- This effect was larger more recently (1992-2017) than before (1970-1991), and developing economies experienced stronger effects than industrialised economies.
- The telecommunications and electricity factor contributed more to GDP than the transport factor.
- **Asian Development Bank publication**- The ADB publication on digitalisation and economic performance in India and China found that the internet and mobile density have a significant impact on economic growth.
- **A study at the Institute of Economic Growth and Symbiosis**- The factors that affect the highest service exports (computers, communication, etc.), were driven by tele-density, together with financial sector development, human capital, and R&D expenditure.

### What are the probable outcomes of channelling the auctioned amount to BSNL/MTNL?

- **Strong telecom sector**- It will result in a strong telecommunications sector with four operators propelling growth.
- **Market position of BSNL/MTNL**- The market position of BSNL/MTNL in coverage/saturation has diminished share.
- Their responsibilities for essential services for strategic purposes is in difficult, unremunerative locations.
- It is unreasonable to expect profitable performance in competition with private operators who can cherry-pick their markets.
- **Unsustainable price cuts**- Another possible outcome is that there will be unsustainable price cuts as before, with unfair access to spectrum (announced), and unfair competition from corporations.

### What alternatives are available for policymakers?

- The government can change policies to capitalise on our strengths of being imaginative and resourceful, with the capacity to perform well with good systems and processes.
- The success of NTP-99 can be repeated, by converting auction payments to revenue-

share, this time for spectrum instead of licence fees.

- This will not only enable immediate investment in networks and services, but is likely to result in substantial growth, with much higher government collections, and as a multiplier across sectors.
- Legislation can be framed to convert spectrum auction payments to a reasonable percentage of revenues, as for licences.
- The introduction of shared infrastructure through two or more mandatory consortiums led by corporate entities, with BSNL/MTNL as a strategic stakeholder ensuring national security and public interest, will enable even greater leveraging of network assets.

## Reference

1. [https://www.business-standard.com/article/opinion/infra-sectors-that-boost-growth-122080301890\\_html](https://www.business-standard.com/article/opinion/infra-sectors-that-boost-growth-122080301890_html)

