



Open for Business

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The growth rate of the Indian economy is at a historic peak, and one of the major contributors to this is the tremendous growth and impact of the telecommunications industry. This was the message of Prime Minister Manmohan Singh's opening speech to India Telecom 2007, the second annual gathering in New Delhi of senior government officials and leaders in the telecommunications industry.

As the United States coordinator for international communications and information policy, I had the privilege of attending the PM's speech and to lead the joint government and industry American delegation to India for the fourth meeting of the US-India Information and Communication Technologies (ICT) Working Group. During that week, Indian and US government officials, policymakers, industry, and investors took the opportunity to discuss strategies to deepen and strengthen cooperation between the US and India regarding ICT.

PM Singh highlighted the astounding growth of the Indian telecom market—at an annual rate of over 90% since 2003. In fact, each month, the number of mobile phone subscribers increases by about 7 or 8 million—an amount that exceeds the populations of many countries.

At the highest levels of government and business, there is no doubt about what has caused this growth. The PM explained it perfectly when he said, "The key to the growth of telecom [and other sectors] has been liberalisation, reforms and competition," and that "the removal of state monopolies, reduction in entry barriers to new firms, creation of a level playing field between incumbents and new entrants, and most importantly, forward looking and even-handed regulation—has promoted competition and consumer interests."

The PM's message was a summary of what we have been discussing with India since at least 2002. As India grapples with solutions to continue to lift people out of poverty, the most effective policies are, as the PM said: liberalisation, reforms and competition. Such policies give US and other companies incentives to invest in India and to work with local firms to offer innovative services that benefit all of the people of India.

While much has been achieved, there remain many in India who have not felt the empowering effects of access to telecommunications technologies. The PM was very clear when he said, "Growth in the telecom sector is a critical component of [India's] infrastructure plans and it plays an important catalytic role in [India's] development process," and that "telecom connectivity has the potential to play a transformational role in our rural areas."

The basis for our many visits to India has been to continue to work with Indian government and industry to expand access to these technologies at all levels of society. To expand access, it is important that India continue to establish an enabling environment that frees industry to develop new and innovative technologies and, through vigorous competition, provides transformative services at low costs.

American and other international companies are looking for fair and clear processes as they consider investing in India. One of the hot issues when I was in India was the controversy over how to allocate spectrum to meet the demands of India's exploding telecom market. In the US, we have found through trial and error that auctions are certainly the best means to quickly and fairly license spectrum. They also give telecoms companies important economic incentives to use spectrum efficiently and to provide new services to consumers. Adopting auctions to license quickly both 2G and 3G services will solidify India's position as a world leader in the wireless industry and bring great benefits to the Indian people.

During 2008, I look forward to helping deepen the productive dialogue and friendships that we have built between our two great nations. These are truly remarkable times in our bilateral relationship. While there is much work ahead for both our countries, I am confident that the cooperation will continue to improve greatly the lives of the people in both India and the United States.

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