

NEWS WRAP

AGD

Following China, India is the world's second largest mobile industry, with nearly 600 million users. Adding about 20 million subscribers a month, the market of total subscribers is expected to reach 1.1 billion by 2015. The mobile phone expansion is a spectacular infrastructure success. But India still needs to build \$1000 billion worth of roads, power plants, ports and airports over the next five years, to become a global economic power. The telecommunications expansion is driving India's development. Mobile phones are being carried by the urban poor, farmers, fish sellers, milkmen, rickshaw pullers and labourers. Improved communications allow the marginalized labourers to conduct larger business, better access to services and healthcare. A series of policy switches by the union government of India over the past three years have caused an influx of new entrants and a scarcity of spectrum, which is the precious air waves, on which mobile calls are transmitted. While spectrum is in short supply all over the world, in India it is particularly acute, as the defence ministry still controls many frequencies. Even as Indian tariffs have declined to less than one US cent per minute, the value of almost every telecom company in India has fallen by more than 25%, due to fierce competition, and the rising costs of the recently concluded auction for third generation mobile services. India's mobile operators survive on allocations of the air waves, on which mobile telephony occurs, as low as one to two thirds, of the global standard.

Serious irregularities had occurred in Jan 08, when the Union Government sold eight new mobile service licenses along with spectrum at 2001 prices, on a first-come, first served basis, rather than through a tender bidding process. A huge number of licenses, created fierce competition. Several new licensees sold large stakes to cash-rich foreign operators. Compared with a year earlier, amongst the large Indian telecoms operators, the average monthly revenue per uses as of 31 March 2010, has declined up to 37.9%. The 3G mobile service allows subscribers access to the internet, on their phones. At the recent 3G spectrum auction, there were only three pan-India allocations on offer, to fifteen operators. As a result, the cost of allocation rose to more than \$3.6 billion, compared to the earlier \$353 million for a 2G spectrum. Some of the leading operators, who found the pan-India allocation too expensive, decided on a patchwork of networks, in the more important regions. In the 3G areas, there has been no significant increase in the advanced data services typical of 3G, such as internet television and video conferencing. In spite of 70 million internet users in India, the country's internet penetration is one of the lowest, among the world's fast-growing emerging markets. Only 25% of India's rural population has a mobile phone.

SRI LANKA CIVIL WAR

Ethnic reconciliation is turning all but impossible, as the essentially Sinhalese supremeacist government presses its advantage in the Tamil North and east, in Sri Lanka. The embers of a future insurgency are being fanned. State armed forces are consolidating their power, and suppressing freedom in politics and the media. It is true that the LTTE, is a ruthless organisation, which under armed megalomaniac leaders, pioneered many techniques of modern terrorism, insurgency, suicide bombers and

roadside bombs. USA, China and India cast a blind eye to Colombo's methods in suppressing the Tamil Tigers. Recently the International Crisis Group has called for a United Nations investigation into war crimes, committed by the Sri Lankan government and Tamil Tiger rebels in the civil war, which concluded in bloodshed, a year ago. The victory of the Sri Lankan government sends a message across the seas that unbridled military forces can be successful.

GAZA TUNNELS

Below the sandy depths of Rafah in the Gaza strip, are several tunnels at about 700 metres below sea level. These tunnels and shafts link the border town, in the southern Gaza strip with Egypt; besides undermining Israel's economic embargo of the strip. The tunnel owners have been earning around \$ 50000 in net profits every month, by smuggling fuel, cigarettes and other goods from Egypt. Israel's economic blockade was aimed to deprive Gazans of all but the most basic humanitarian supplies. But the Gazans, for almost three years, have enjoyed a unique life line, derived from the tunnels. Branded products like Coca Cola, Nescafe, Snickers and Heinz Ketchup are both cheap and widely available in Gaza, even though they were earlier long absent because of the Israeli blockade. Shops in Gaza have been flooded with Korean refrigerators, German food mixers, and Chinese air conditioned units. Household goods for sale are being packed in big warehouses.

Hamas the Islamist group that controls the Gaza strip, has widened its cash budget from the tunnels, which has helped rebuilding the Hamas military arsenal. The security officers from Hamas roam the tunnels and obtain cuts from the smuggling operators' profits. The tunnels are a target for Israel. A supply glut in smuggled goods across the strip, has led to fall in prices of contraband goods. Egyptian efforts to stop the flow of smuggled goods, have shut down hundreds of tunnels. The remaining 200 to 300 tunnels have become over efficient. Shops all over Gaza are bursting with goods ; and tunnel operators and traders complain of a saturated market and falling prices.

The tunnel operators and smugglers have created a false sense of economic improvement, while damaging the Gaza territory's crippled private sector. □□□