Indian Economy · GS - III

Rising mobile tariffs may improve the financial sustainability of India's telecom sector but also increase the burden on consumers. Discuss the trade-off between telecom-sector investment, competition and digital inclusion.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 16/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Telecom ARPU, financial viability, 5G investment, infrastructure expansion, tariff affordability, digital divide, subscriber churn, competition, regulatory oversight, universal connectivity.

Model Answer

Introduction

India's telecom sector requires sustained investment in 5G networks, towers and digital infrastructure. Calls for higher mobile tariffs highlight the tension between industry viability and consumer affordability.

Arguments for Higher Tariffs

- **Financial sustainability:** Improved Average Revenue Per User (ARPU) can strengthen operators' revenues and support network expansion.
- **Infrastructure investment:** Higher earnings can facilitate 5G deployment, modernisation and better service quality.
- **Sectoral stability:** Financially stronger operators can improve competition and reduce dependence on unsustainable pricing.

Concerns and Challenges

- **Consumer affordability:** Higher recharge costs disproportionately affect low-income households.
- **Digital divide:** Expensive connectivity may restrict access to education, healthcare and digital public services.
- **Subscriber churn:** Price-sensitive users may reduce usage, switch operators or discontinue subscriptions.
- **Market concentration:** Smaller operators may struggle to compete if investment requirements rise.

Way Forward

TRAI should promote transparent tariff practices, effective competition and quality-of-service standards. Targeted affordability measures and infrastructure-sharing arrangements can support inclusion.

Conclusion

Telecom pricing must balance investment incentives with affordable access. A financially sustainable and inclusive telecom ecosystem is essential for India's digital transformation.

BECOME IAS
AI POWERED UPSC PREP