

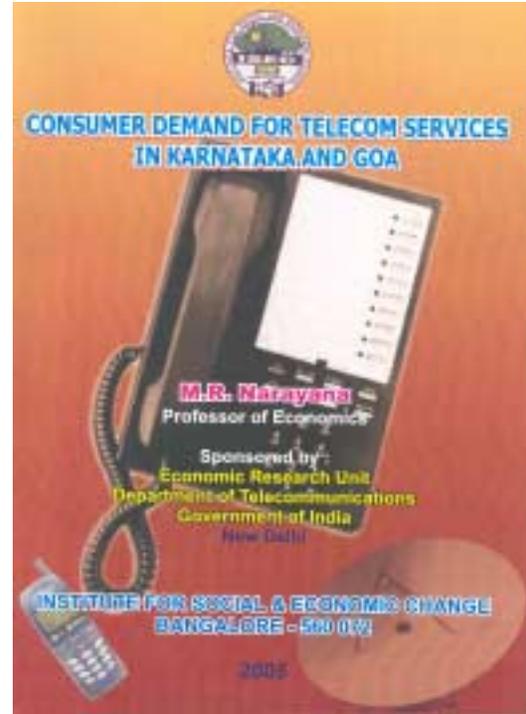
CONSUMER DEMAND FOR TELECOM SERVICES IN KARNATAKA AND GOA

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POLICY BRIEF



This report focuses on description and analyses of nature and determinants of access and usage demand for telecom services in Karnataka and Goa. Telecom services include basic and value added services on the fixed and mobile telephony. Description is focused on provisioning, awareness, and utilization of services by rural and urban areas. Demand is distinguished by access and usage demands, and by household and aggregate demands. Determinants of household demand and probability for household subscription to telecom services are estimated (by binomial logit model) with respect to social, economic, and demographic background characteristics. Aggregate demand is estimated (by panel data models) by using telecom/revenue districts' data on income and non-income variables. Household data are collected in Karnataka (or Goa) State from a sample survey of 81 (or 4) sample exchanges, 1100 (or 200) subscribers and 1100 (or 200) non-subscribers. The descriptions and analyses of data offer evidence for (a) low awareness and poor knowledge of uses and economic cost of telecom services, as possible reasons for low subscription; (b) income as the most important determinant of household access demand, and aggregate usage demand; (c) growth of educational institutions as the key determinant of aggregate access demand; and (d) negative price elasticity of usage demand that varied by exchange capacity. Implications of these evidence are highlighted in regard to improving the demand for telecom services, influencing economic growth (especially in rural areas) through telecom development, linking the impact of demand for basic services on value added services, and drawing for effective competitive policy for public provision of telecom services in rural and urban areas. The overall results, findings, and conclusions are contributory for design of demand-oriented national and regional telecom policy in Karnataka and Goa.