

UPSC & STATE PCS CURRENT AFFAIRS · [UJIYARI.COM](https://ujiyari.com)

EDITORIAL ANALYSIS

Increasing Telecom Tariffs: Investment Capacity Against Affordability

 BUSINESS STANDARD

25 August 2026 ·

ECONOMY

SCIENCE & TECH

GS3

CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

 linkedin.com/in/epicbharat

ALSO FROM THE CREATOR

BharatNotesFree UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com → **ADVERTISE****Advertise with Ujiyari**

Reach thousands of UPSC aspirants daily.

 epicbharat@gmail.com

Increasing Telecom Tariffs: Investment Capacity Against Affordability

 **Business Standard**

25 August 2026

GS3


INTERVIEW ANGLE

"India has among the world's lowest data tariffs and among the world's highest data consumption. Is that a policy success, or a sign that the industry is under-recovering the cost of the network it must keep building?"

Source: [Original editorial](#)
[Business Standard](#)
 **Every fact web-verified against primary sources**

THE LIFT LINE

India built its digital public infrastructure on the assumption of cheap data. Any tariff decision is therefore not a pricing decision; it is an access decision.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

Telecom is a standing GS3 topic covering infrastructure, regulation and investment models, and it connects directly to the digital public infrastructure story that dominates current Indian economic policy.

GS Paper 3: Infrastructure; investment models; effects of liberalisation on the economy; awareness in the field of IT.

CONCEPT	MEANING	WHY IT IS TESTABLE
ARPU	Average Revenue Per User, the realisation an operator earns per subscriber	The metric at the centre of the tariff debate
Teledensity	Telephone connections per 100 persons	The measure showing how much of the population is still unconnected
Tariff forbearance	A regime in which operators set tariffs and the regulator monitors rather than fixes them	Explains why this is an industry decision, not a government one

BACKGROUND AND CONTEXT

The Regulatory Architecture

INSTITUTION OR STATUTE	DETAIL
Telecom Regulatory Authority of India (TRAI)	Established under the TRAI Act, 1997
Telecom Disputes Settlement and Appellate Tribunal (TDSAT)	Created by the TRAI (Amendment) Act, 2000
Department of Telecommunications	Under the Ministry of Communications
Telecommunications Act, 2023	Replaced the Indian Telegraph Act, 1885 and the Indian Wireless Telegraphy Act, 1933
Digital Bharat Nidhi	The renamed Universal Service Obligation Fund under the 2023 Act

Two features of the Indian market matter for this debate. First, tariffs operate largely under **forbearance**, so pricing is an operator decision that TRAI monitors rather than determines. Second, the sector carries a substantial **statutory levy burden**, including licence fee and spectrum usage charges computed on **Adjusted Gross Revenue (AGR)**, the definition of which was the subject of prolonged litigation resolved against the operators by the Supreme Court in 2019.

The Market Position

India combines **among the world's lowest per-gigabyte data tariffs** with **among the world's highest per-user monthly data consumption**. The market has consolidated to a small number of private operators alongside the State-owned BSNL. **5G spectrum** was auctioned in **2022**, and the rollout obligations that followed are the principal source of the current capital commitment.

Wireless teledensity stands at 59.46 per cent, meaning roughly four in ten people are not covered by a wireless connection, with the shortfall concentrated in rural circles.

THE ANALYSIS

1. The mismatch is between investment and realisation, not between revenue and cost alone. Spectrum was purchased and networks were built on the expectation of monetisation that has not materialised at the per-user level. When capital expenditure is serviced out of the balance sheet rather than out of the revenue the service generates, investment capacity for the next cycle contracts. That is the structural argument, and it is sound.

2. The obligations have widened without the tariff following. Spam and fraud control, cybersecurity hardening and AI-era network management are now expected of operators at a scale that did not exist when current price levels settled during the market-share war. A price set for carriage is being asked to fund carriage plus security plus trust infrastructure.

3. The affordability objection is not sentimental, it is structural. A teledensity of 59.46 per cent means the remaining subscribers to be acquired are the most price-sensitive in the market, since the willing and able have already connected. A general tariff increase therefore prices out precisely the cohort whose connection is the stated policy objective, which makes uniform rationalisation self-defeating on the coverage goal.

4. Cheap data is load-bearing for far more than telecom. UPI, DigiLocker, direct benefit transfer, remote education, telemedicine and e-governance were all designed on the assumption of inexpensive data. Raising the price of connectivity raises the access cost to the entire digital public infrastructure stack. The tariff is not the price of a phone call; it is the toll on the digital economy.

5. The debate is mis-specified as a single decision. Framing this as “should tariffs rise” forces a false choice. Price elasticity differs sharply between a high-usage urban subscriber on a premium plan and a rural subscriber on a low-denomination recharge. Differentiated rationalisation captures revenue where elasticity is low and protects access where it is high, which is available to both sides of the argument.

DATA AND INSTITUTIONS VAULT

PRELIMS-GRADE FACTS:

Wireless teledensity: 59.46 per cent, as cited in the editorial.

TRAI established under the TRAI Act, 1997; TDSAT created by the TRAI (Amendment) Act, 2000.

Telecommunications Act, 2023 replaced the Indian Telegraph Act, 1885 and the Indian Wireless Telegraphy Act, 1933.

The Universal Service Obligation Fund was renamed Digital Bharat Nidhi under the 2023 Act.

Adjusted Gross Revenue (AGR) is the base for licence fee and spectrum usage charges; the definitional dispute was decided against operators by the Supreme Court in 2019.

5G spectrum auction: 2022. Tariffs operate largely under forbearance.

Teledensity is defined as telephone connections per 100 persons.

TRAI is a recommendatory and regulatory body, not a licensor. *Licences are granted by the Department of Telecommunications under the Ministry of Communications. Also, TRAI's recommendations on licensing and spectrum are **not binding** on the Government, a distinction frequently missed.*

THE DEBATE

FOR (rationalisation is overdue): Capital committed to 5G is not being recovered through realisation per user. The cost base has expanded to include security and trust obligations. A sector that cannot fund its own next investment cycle will under-invest in coverage and quality, which harms consumers more than a price rise would.

AGAINST (cheap data is the policy achievement, not the problem): India's low tariffs produced its high consumption and enabled the entire digital public infrastructure stack. Raising prices suppresses usage precisely among low-income and rural users whose inclusion is the objective. The revenue gap should be closed by reducing the sector's statutory levy burden and rationalising spectrum pricing, not by charging the consumer more.

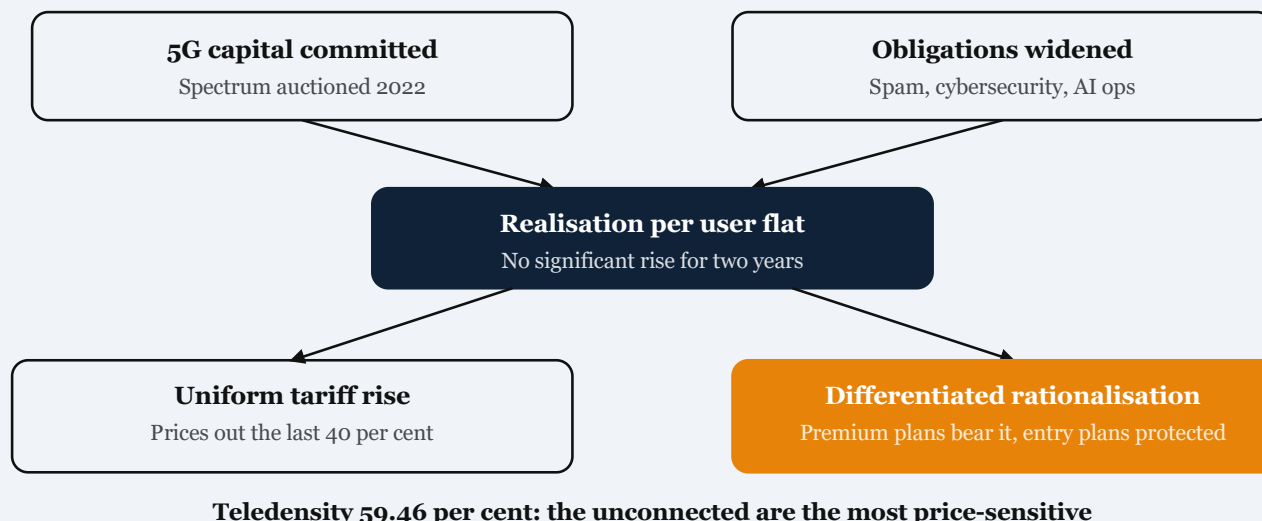
Balanced verdict: Both positions are correct within their own frame, and the resolution is differentiation rather than a uniform increase. Allow headroom on high-usage and premium plans where elasticity is lowest; protect entry-level and low-denomination recharges that dominate rural usage; rationalise licence fee and spectrum usage charges so that relief does not depend solely on the consumer; and deploy Digital Bharat Nidhi to underwrite coverage in circles where the economics genuinely do not close. The question is not whether the sector needs more revenue, but from whom.

HOW TO THINK ABOUT THIS

When a regulated industry argues that prices must rise, **disaggregate** the customer base by price elasticity before accepting or rejecting the claim. A uniform price change applied to a market with widely varying elasticity produces two effects at once: it raises revenue from inelastic segments and destroys demand in elastic ones.

The policy question is therefore almost never whether prices should rise, but which segment should bear the increase, and whether the regulatory instruments exist to differentiate. Where they do, insisting on a single answer to a single question is a failure of policy imagination rather than a hard trade-off.

DIAGRAM-IN-WORDS



The revenue pressure is genuine on both inputs, but the choice at the bottom is what determines whether closing the gap also closes the coverage gap or widens it.

TAKEAWAY BOX

India built its digital public infrastructure on the assumption of cheap data. Any tariff decision is therefore not a pricing decision; it is an access decision.

Wireless teledensity 59.46 per cent; TRAI under the TRAI Act 1997; TDSAT via the 2000 amendment; Telecommunications Act 2023 replaced the Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act 1933; USOF renamed Digital Bharat Nidhi; AGR dispute decided by the Supreme Court in 2019; 5G spectrum auctioned 2022; teledensity is per 100 persons; tariffs are under forbearance; licences are granted by DoT, not TRAI.

If connectivity is the gateway to welfare delivery, education and payments, should it be regulated as a commercial service or as an essential utility?

Connects to past UPSC Mains questions on infrastructure investment models, on the digital divide, and on the role of regulatory bodies in India.

“In telecom, the question is never whether prices must rise but who should bear the increase.” Critically examine with reference to India’s coverage objectives.

Source: Increasing Telecom Tariffs: Investment Capacity Against Affordability — Ujiyari.com | Free UPSC & State
PCS Editorial Analysis

• KEY ARGUMENTS AT A GLANCE

Business Standard argues that with telecom operators having resisted significant tariff increases for two years, the industry is due for rationalisation in order to monetise 5G investment and lift average revenue per user, funding the investment required for innovation, spam control and cybersecurity in the AI era, while cautioning that any increase must protect affordability in underserved and rural markets where wireless teledensity stands at only 59.46 per cent.



SUPPORTING

- The capital already committed to 5G spectrum and network rollout has not been matched by a corresponding rise in realisation per subscriber, which means the investment is being serviced out of balance sheets rather than out of the revenue the service generates.
- The obligations now placed on operators extend well beyond carriage, since spam and fraud control, cybersecurity hardening and AI-era network management are all cost centres that did not exist at the scale they now do when the current tariff structure settled.
- Wireless teledensity of 59.46 per cent indicates that a substantial share of the population is not yet connected, so the marginal subscriber the industry still needs to reach is by definition the most price-sensitive one, which is precisely why a blanket increase carries a real exclusion cost.



COUNTER

The counter-view is that India's extraordinarily low tariffs are the direct cause of its extraordinarily high data consumption and of the digital public infrastructure built on top of it, from UPI to DigiLocker to remote education, and that raising prices would suppress usage among exactly the low-income and rural users whose inclusion is the policy objective. On this reading, the revenue problem should be addressed through structural measures such as levy rationalisation and spectrum pricing rather than through consumer tariffs.



WAY FORWARD

The proportionate resolution is differentiated rather than uniform rationalisation: allow headroom on high-usage and premium plans where price elasticity is lowest, protect entry-level and low-denomination recharges that dominate rural usage, reduce the sector's statutory levy burden so that revenue relief does not depend solely on the consumer, and use

Digital Bharat Nidhi resources to underwrite the economics of genuinely unviable rural coverage.


MAINS ANSWER FRAMEWORK
QUESTION

India's telecom sector combines the world's lowest data tariffs with substantial capital investment obligations. Examine the tension between tariff rationalisation and universal affordability, and suggest how it can be resolved. (250 words)

INTRODUCTION

India's telecom sector presents an unusual combination: among the lowest data tariffs in the world, among the highest per-user data consumption, and a continuing obligation to invest in network capacity, security and coverage. Business Standard argues that this combination has become unsustainable and that tariff rationalisation is overdue, subject to protecting affordability where connectivity is still incomplete.

BODY

The revenue case rests on a mismatch between investment and realisation. Operators committed substantial capital to 5G spectrum and rollout, while average revenue per user has not risen commensurately, with the editorial noting that significant increases have been resisted for two years. The cost base has simultaneously widened: operators are now expected to invest in spam and fraud detection, cybersecurity hardening and AI-era network management, obligations that were marginal when the prevailing tariff levels settled during the period of intense market-share competition. The regulatory architecture within which this plays out is defined by the Telecom Regulatory Authority of India, established under the TRAI Act, 1997, with disputes going to the Telecom Disputes Settlement and Appellate Tribunal created by the 2000 amendment, and by the Telecommunications Act, 2023, which replaced the Indian Telegraph Act, 1885 and the Indian Wireless Telegraphy Act, 1933 and renamed the Universal Service Obligation Fund as Digital Bharat Nidhi.

Tariffs in India are largely under forbearance, meaning operators set them and TRAI monitors rather than fixes them. The affordability case is equally concrete.

Wireless teledensity of 59.46 per cent means a large unconnected population remains, and the marginal unconnected subscriber is the most price-sensitive in the market. Because India built a substantial layer of digital public infrastructure on the assumption of cheap data, a general tariff increase does not merely raise a telephone bill; it raises the access cost to payments, welfare delivery, education and government services.

CONCLUSION

A balanced answer should reject the framing of a single tariff decision and argue for differentiation: headroom on high-usage and premium plans where elasticity is low, protection for entry-level recharges that dominate rural usage, rationalisation of the sector's statutory levies so relief does not fall solely on consumers, and use of Digital Bharat Nidhi to underwrite genuinely unviable rural coverage.

 RELATED DAILY ARTICLES

25 Aug **UPI Completes Ten Years of Public Operation**

25 Aug **CSIR-NAL Unveils Three Indigenous Micro and Small Gas...**

24 Aug **Current Affairs Today, August 24, 2026**

23 Aug **Current Affairs Today, August 23, 2026**



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[in linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/editorials/2026/08/bs-telecom-tariff-rationalisation-2026/>

ALSO FROM THE CREATOR

BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing → bharatnotes.com](#)

📢 OPPORTUNITY

Advertise with Ujiyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

Ideal for: Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · ujiyari.com · bharatnotes.com