

# Telecom use on a shoestring: Some findings from a study of the Financially Constrained in South Asia

Ayesha Zainudeen, Rohan Samarajiva, Ayoma Abeysuriya, Harsha de Silva,  
Divakar Goswami, Mariam Hameed, Tahani Iqbal, Malathy Knight-John,  
Sriganesh Lokanathan, Avanti Moonesinghe, Neluka Silva, Chanuka Wattegama.

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**LIRNEasia**

Learning Initiatives on Reforms for Network Economies

- Objective: to understand the use of telecom services by 'financially constrained' users in South Asia
  
- 'Financially constrained:'
  - Monthly income < USD100 & SEC B, C, D & E
  - Used a phone in the last 3 months
  
- Surveys in India (2199) & Sri Lanka (1100);
  - Face-to-face interviews
  - Closed ended questionnaire
  
- meta-analysis of Bangladesh



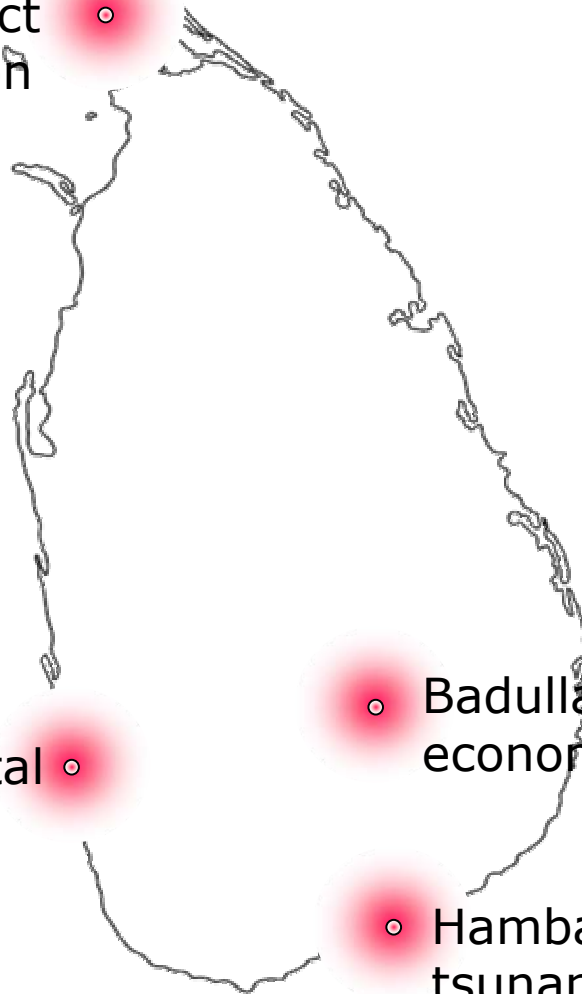
# Sri Lanka: 1100 respondents, 4 localities, 2 languages

Jaffna – post conflict area, high migration

Colombo - capital city, urban landscape

Badulla – rural, plantation economy, hill country

Hambantota – rural, tsunami affected



# India: 2099 respondents, 7 localities, 5 languages

Dehradun – agrarian economy, foothills Himalayas

Gorakhpur – agrarian economy

Meemuch – arid area

Attack – poor area, high migration

Mumbai – metropolitan, Asia's largest slum

Kasargod – fisheries & remittance based economy

ivaganga – trading, fishing & agrarian economy

'Northern'  
'Southern'



## □ **Not representative of countries as whole**

- Purposive selection of localities
- Random selection of households
- KISH grid used to select within households



# Questionnaire

- 'Mode' of access:
  - fixed, mobile, 'public access'
- Reasons for selecting mode
- Ownership & use by other people
- How telecom services are used
  - Usage patterns
  - What they are used for (purposes)
  - Ways in which they are used (strategies)
  - Difficulties faced
- Use of Internet & telegrams



# Limitations

- Difficult to make accurate comparisons with groups not studied (financially 'unconstrained')
- Closed ended questionnaire
  - Could have been supplemented with Focus Group Discussions
- Calling patterns based on recall data
- Weaknesses in a few questions



# Findings

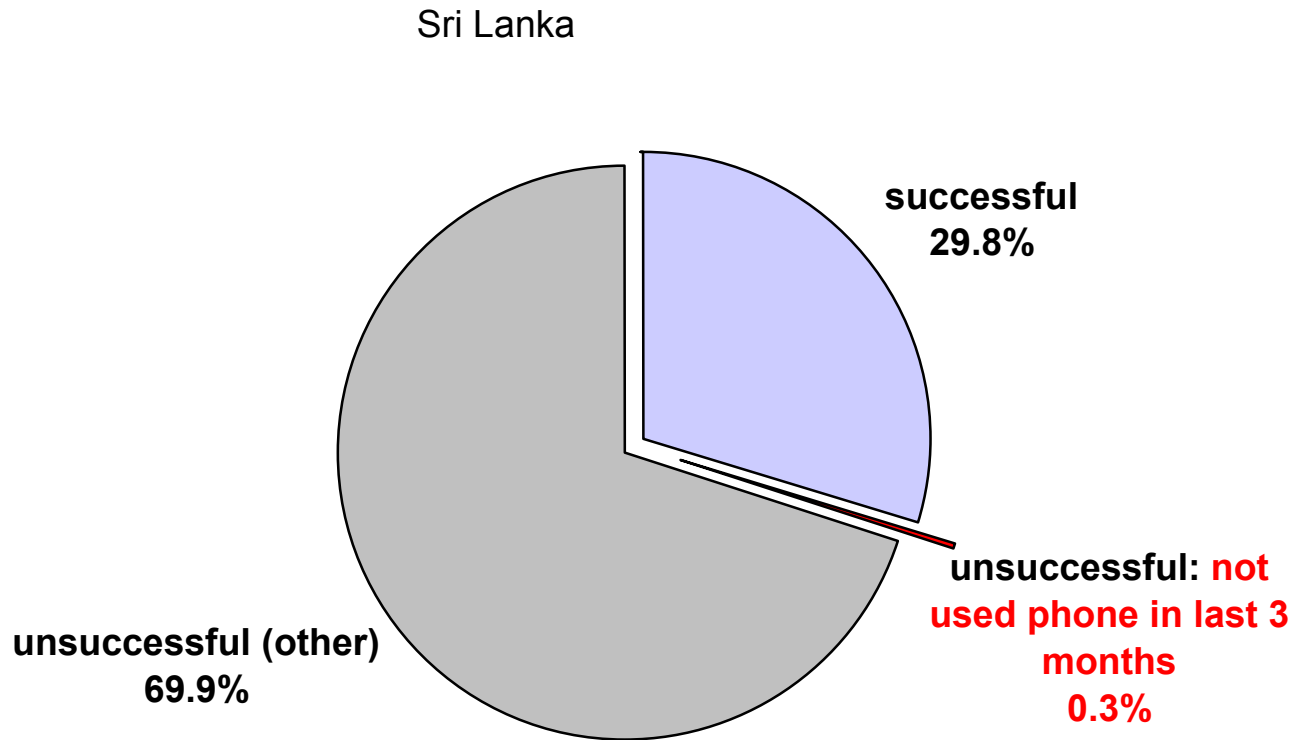
- How the financially constrained communicate
- Why they choose fixed, mobile or public phones
- What they use them for
- How they use them; 'strategies'
- Constraints & considerations
- Expenditure & cost perceptions



How do the financially constrained  
communicate?



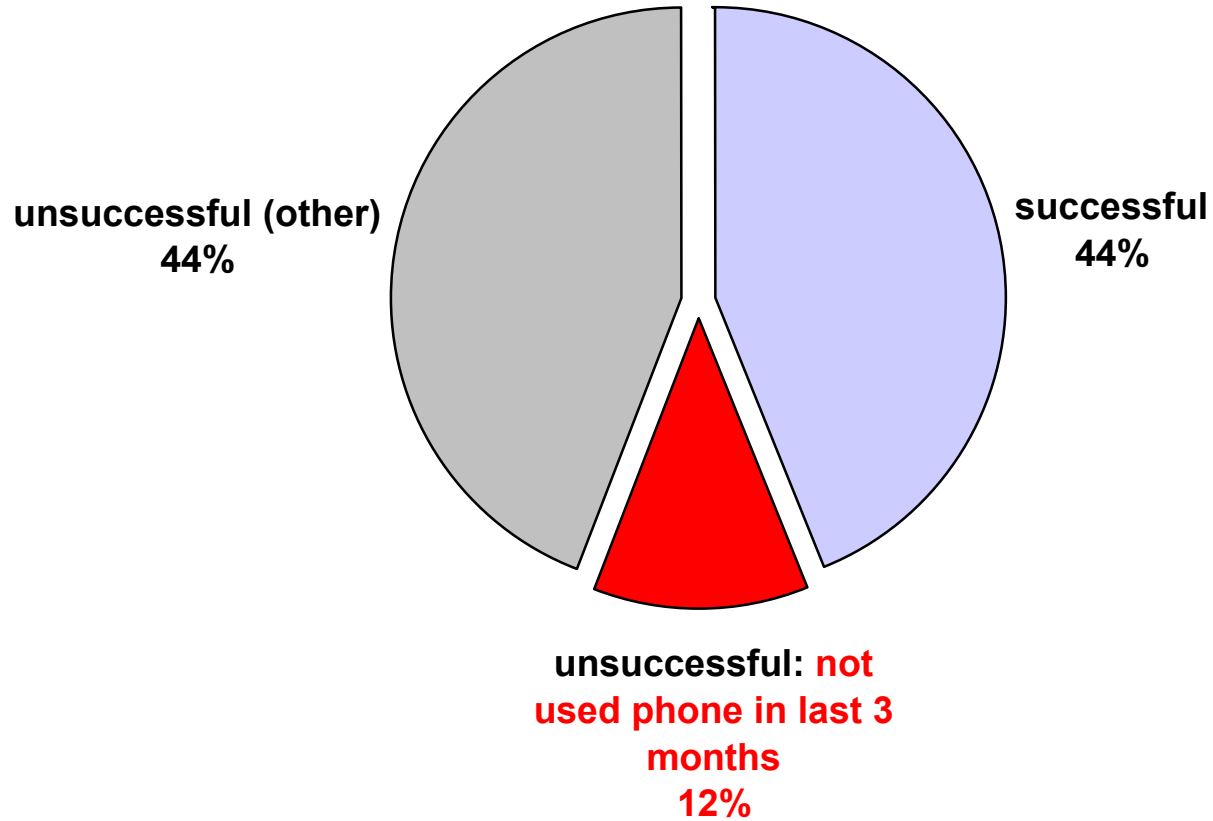
# Everyone in uses phones...



Total number approached: 3690



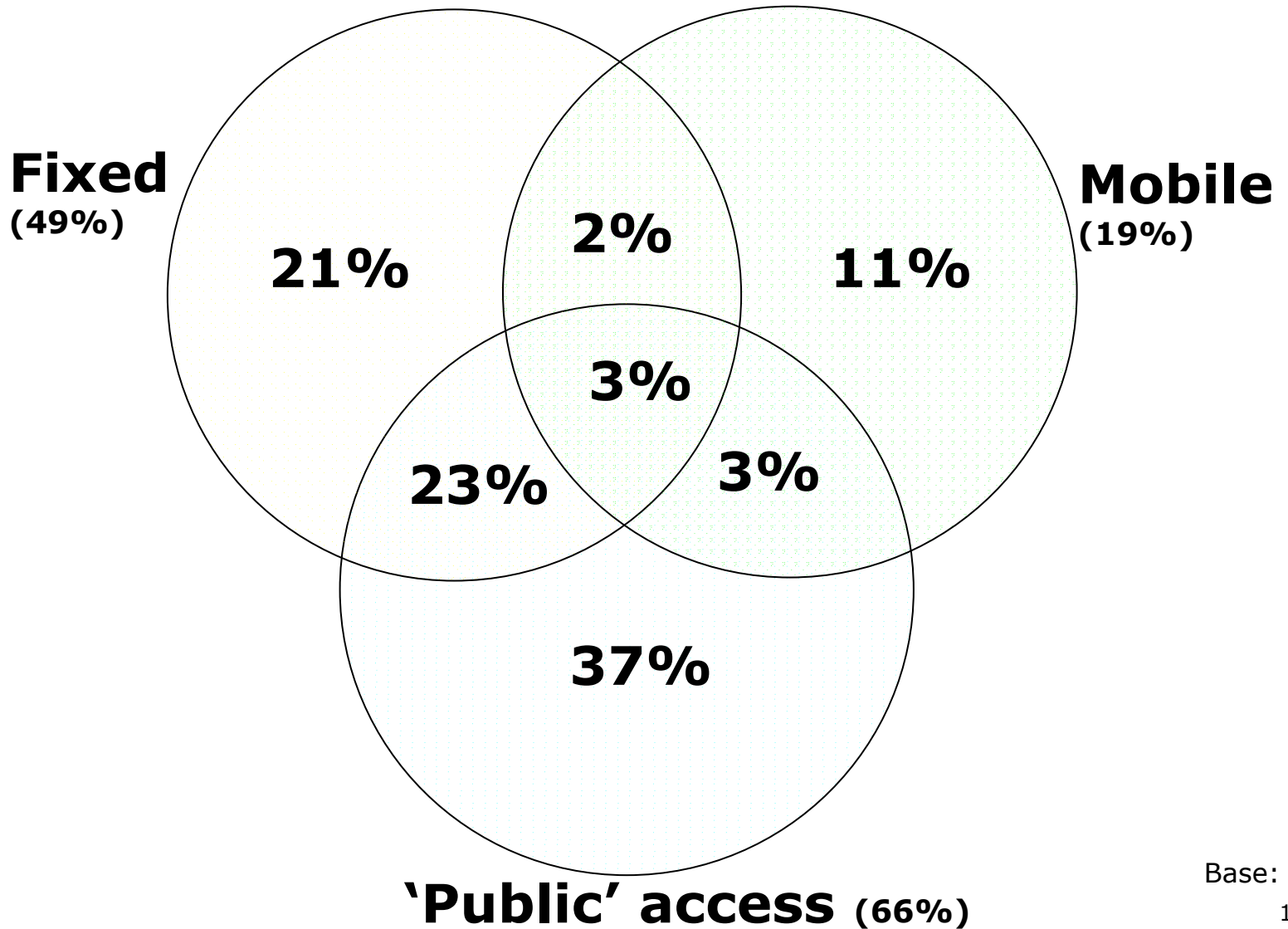
India



Total number approached: 4769



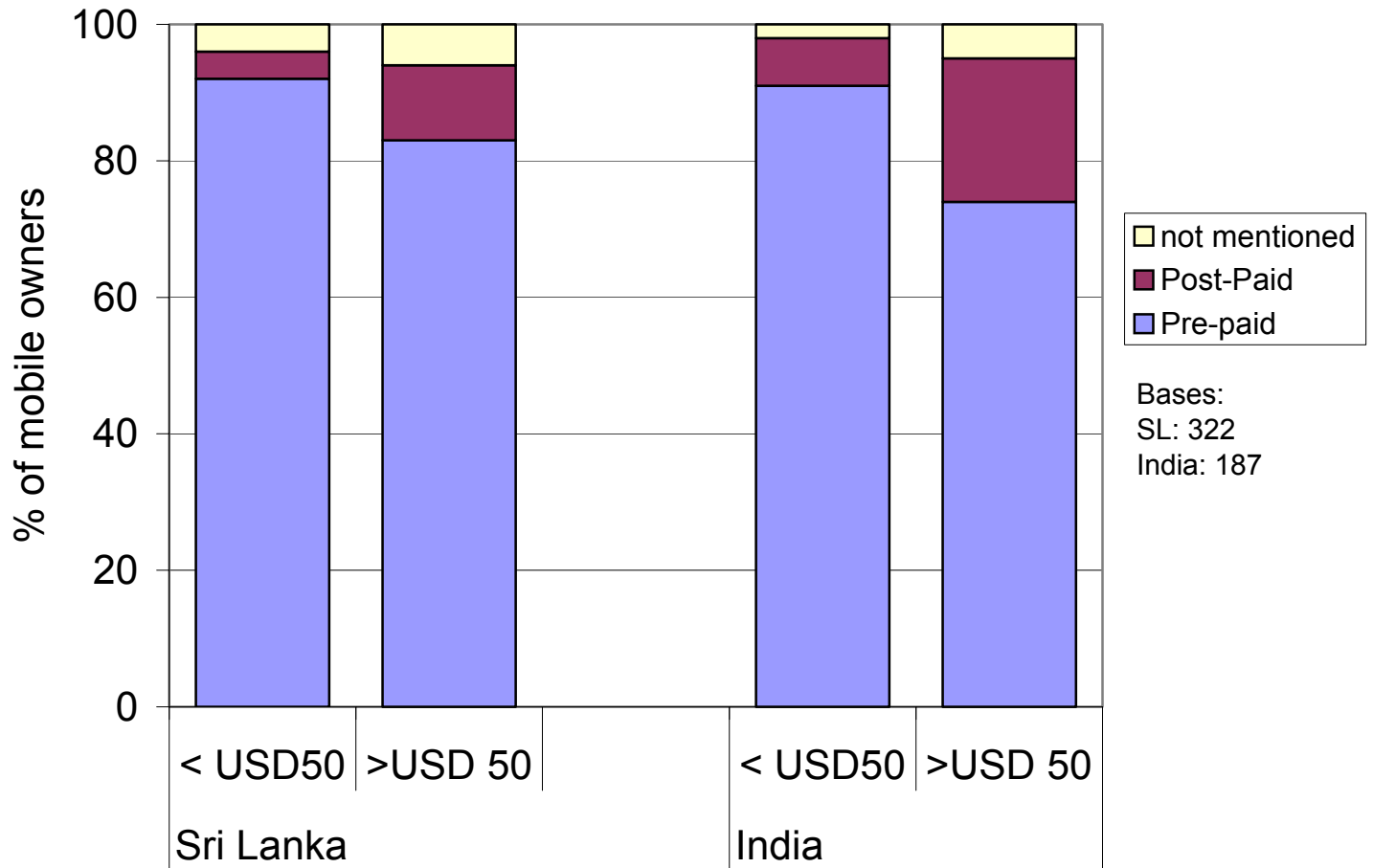
# 66% use public access phones



Base: 3199

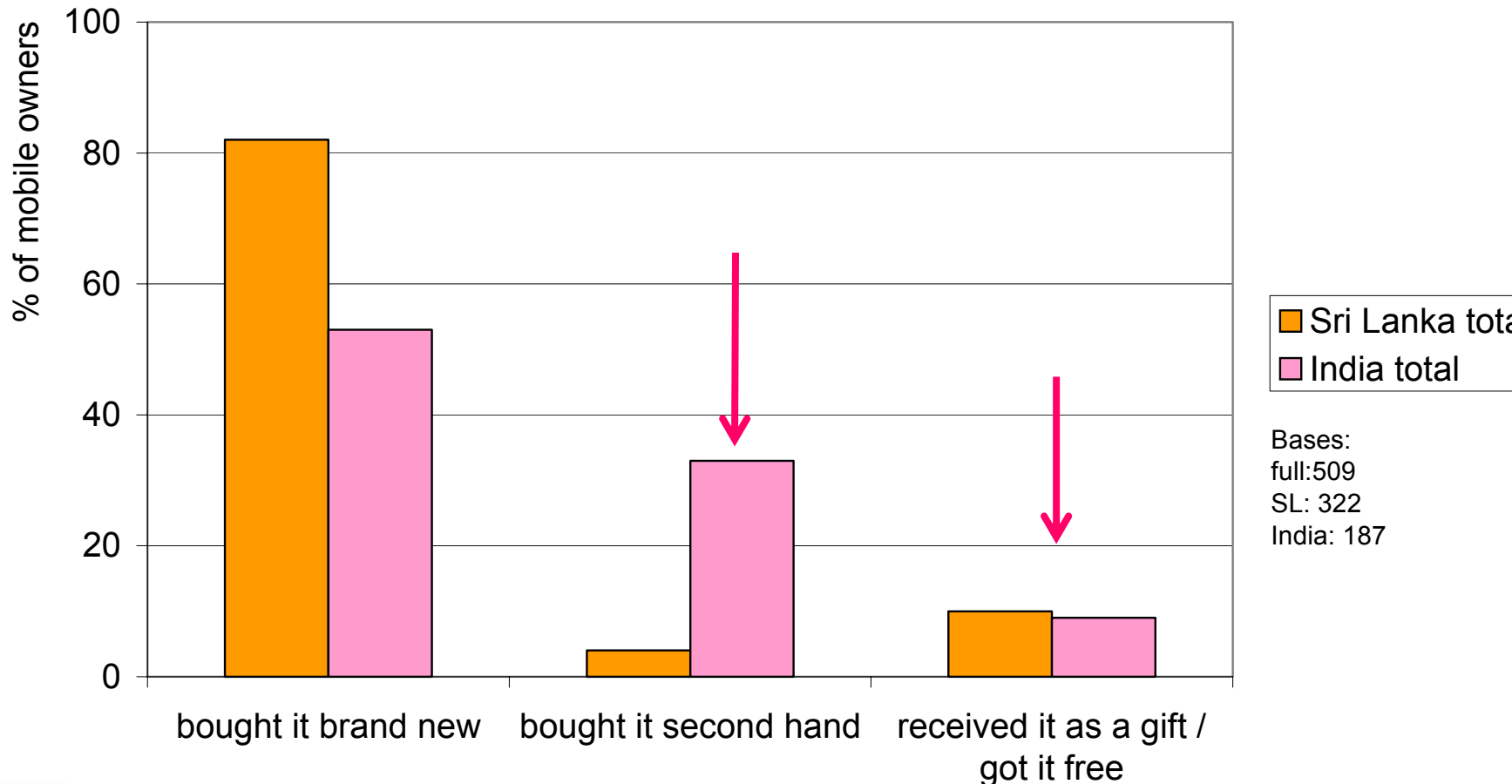


# 83 % of mobile users on pre-paid



Base: all respondents

# 10% got mobile handset free; 33% of Indians bought it second-hand

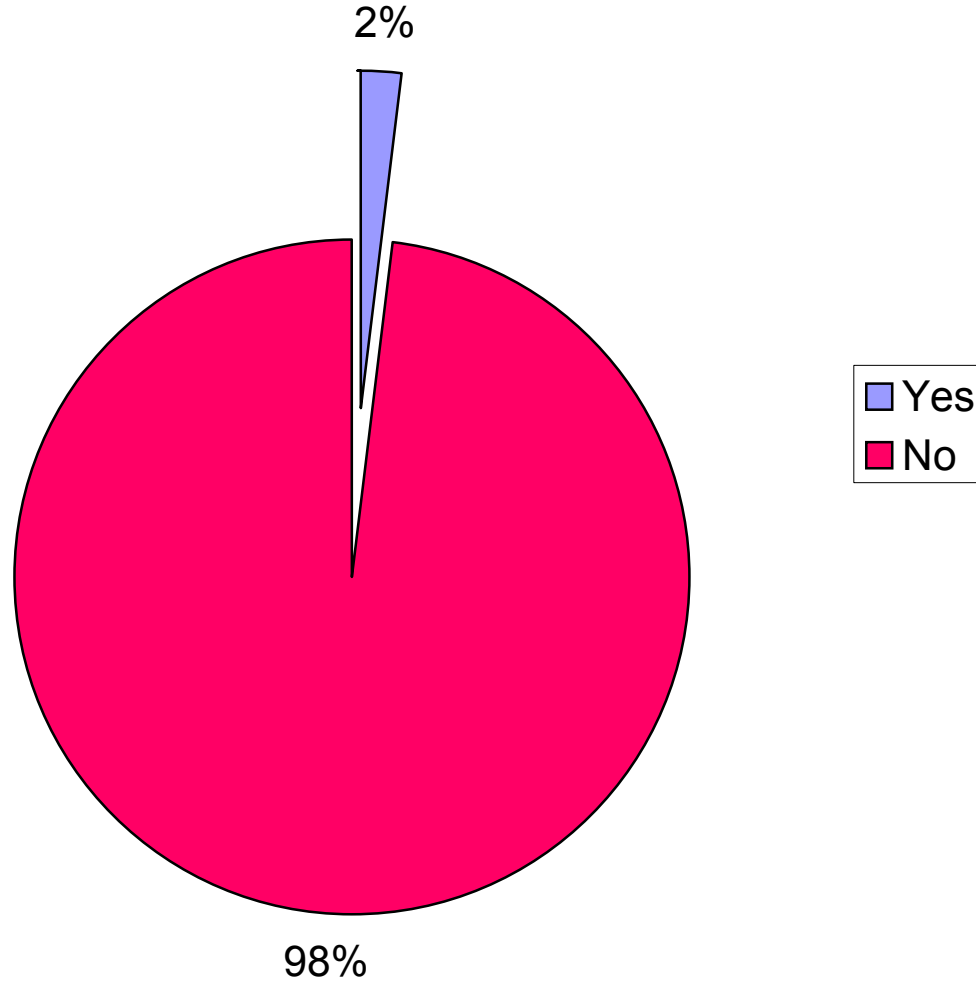


Bases:  
full:509  
SL: 322  
India: 187



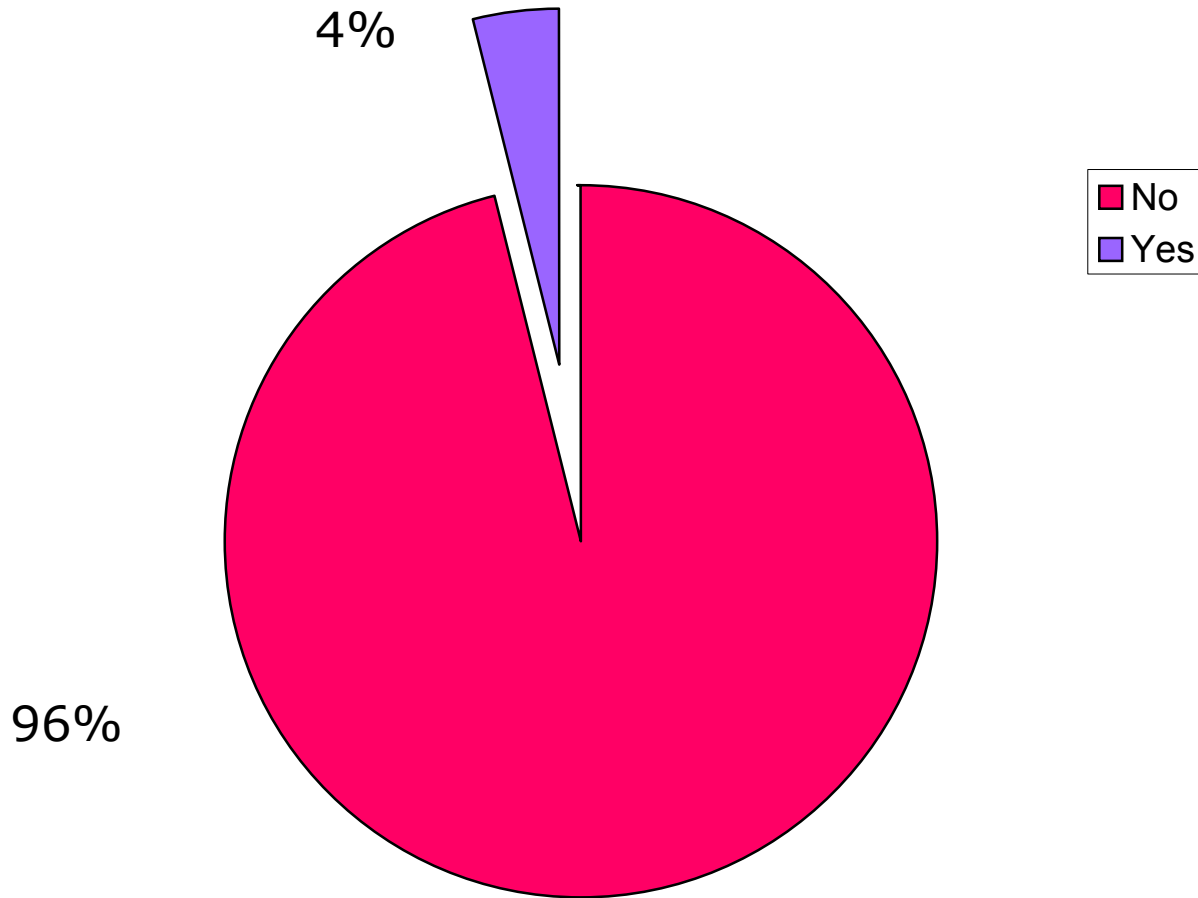
# Internet use

Do you use the Internet?



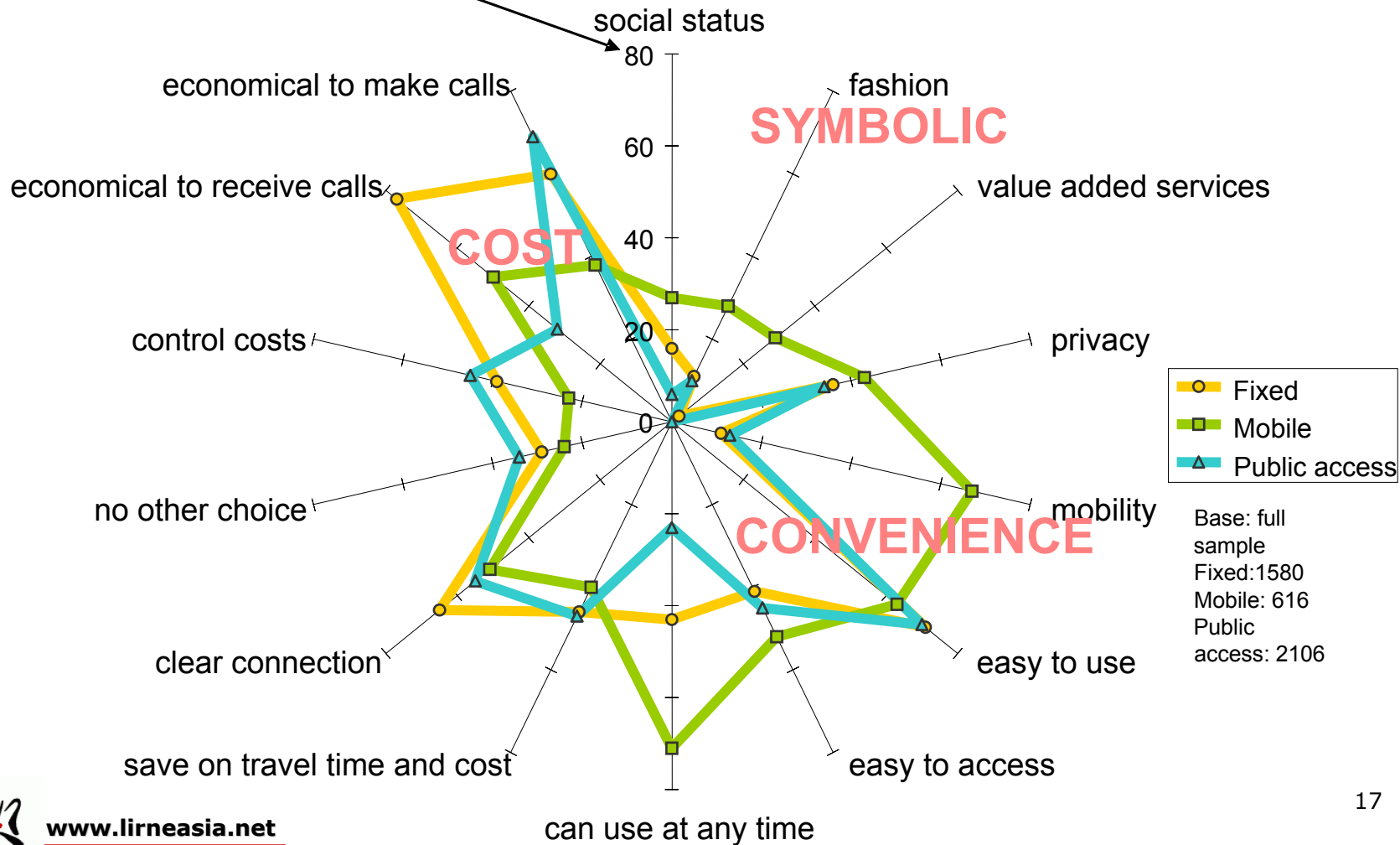
# Telegram use

Do you use telegrams?

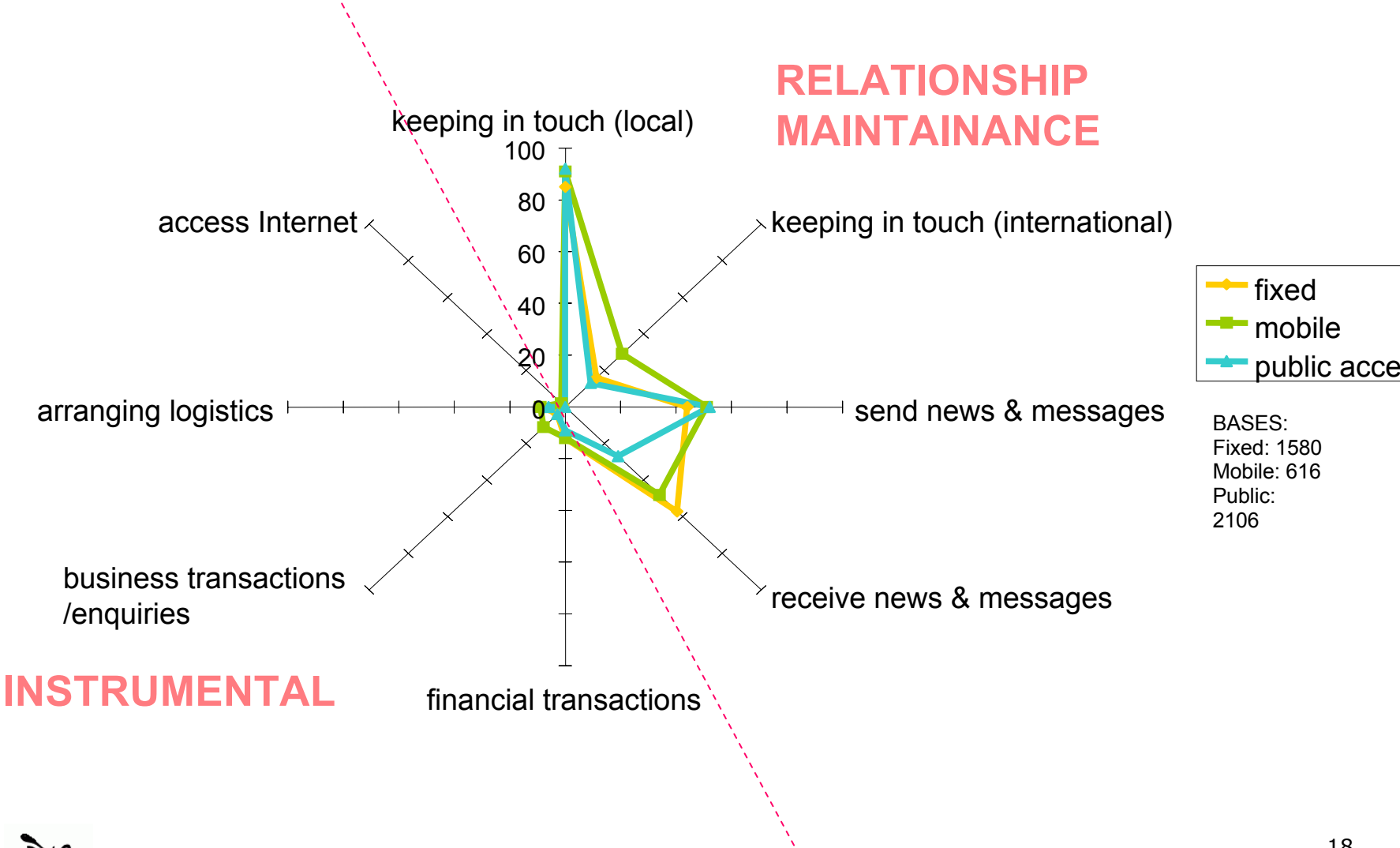


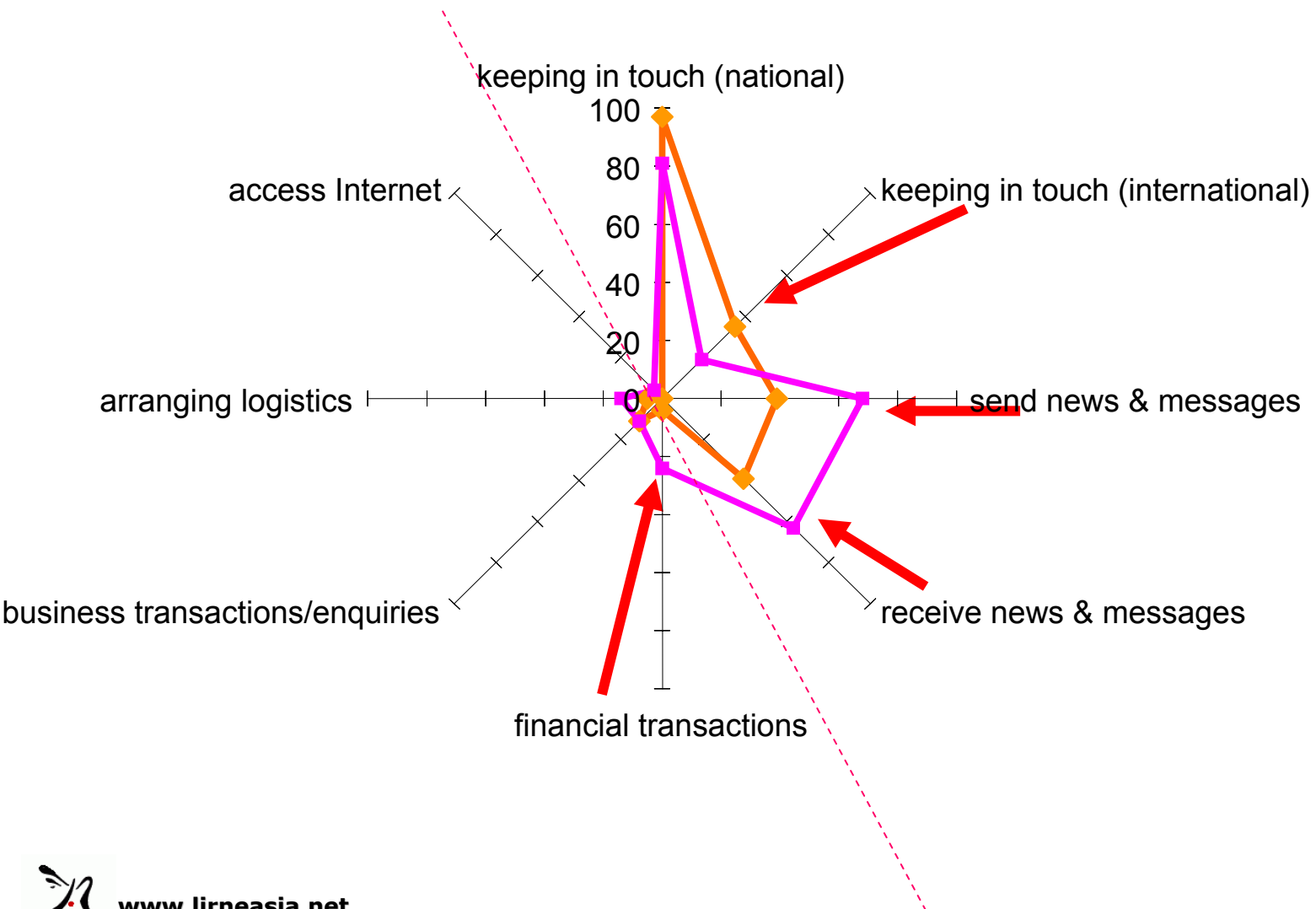
# What influences the choice of mode of access?

% of users who chose a mode for reason...



# What are phones used for?

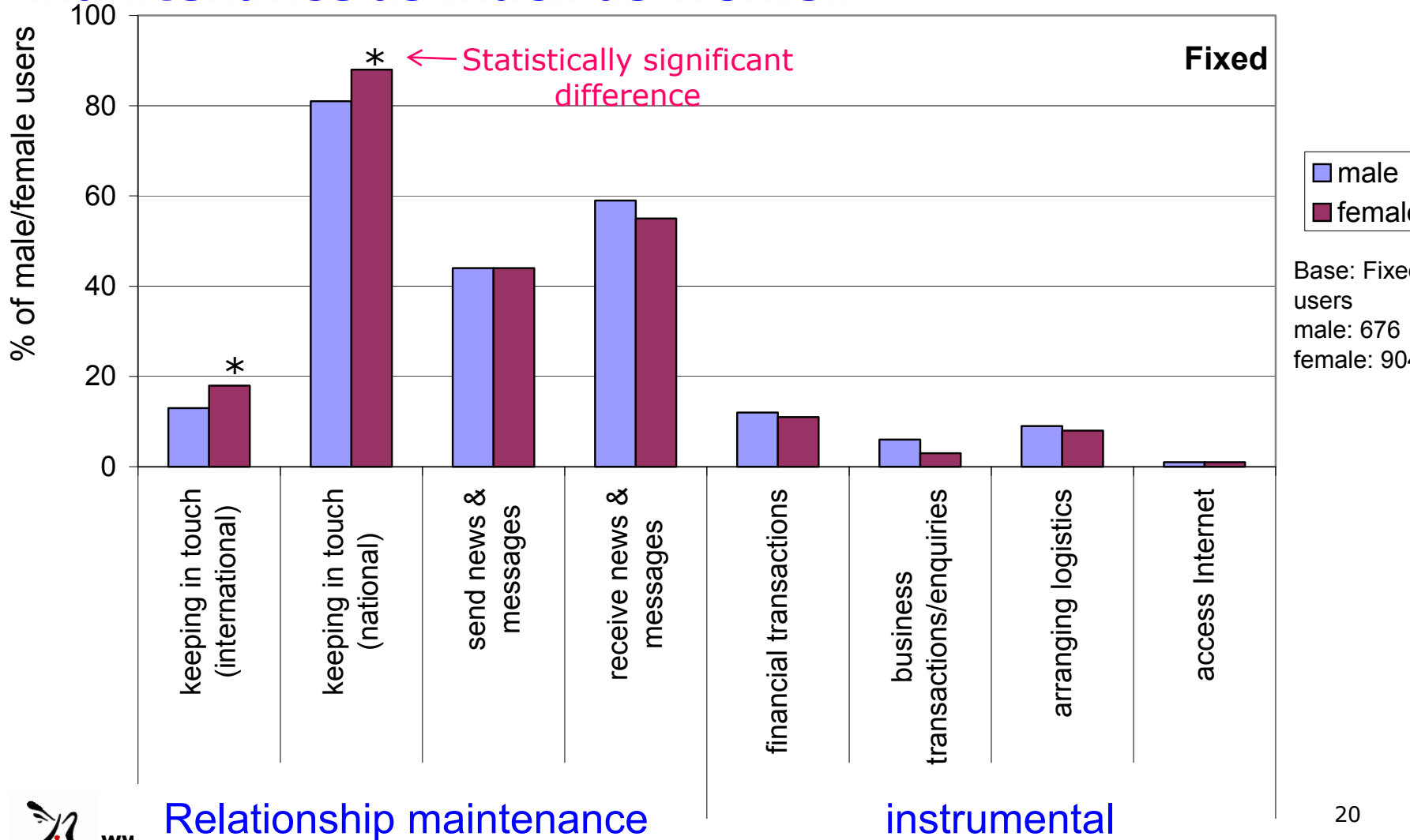




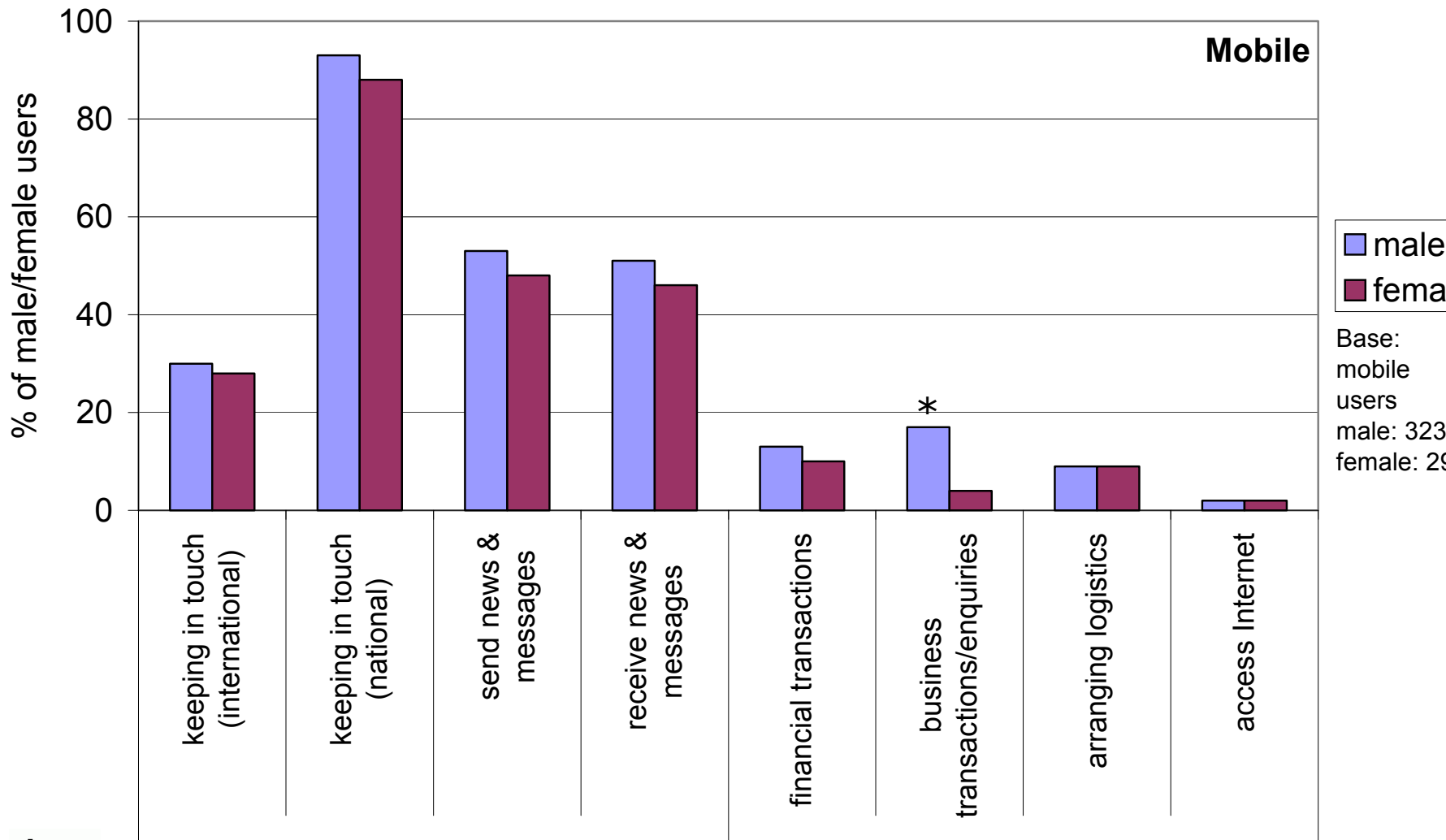
Bases:  
 SL: 374  
 India: 242

# Gender Patterns:

## Fixed: men use the phone for relationship maintenance as much as women



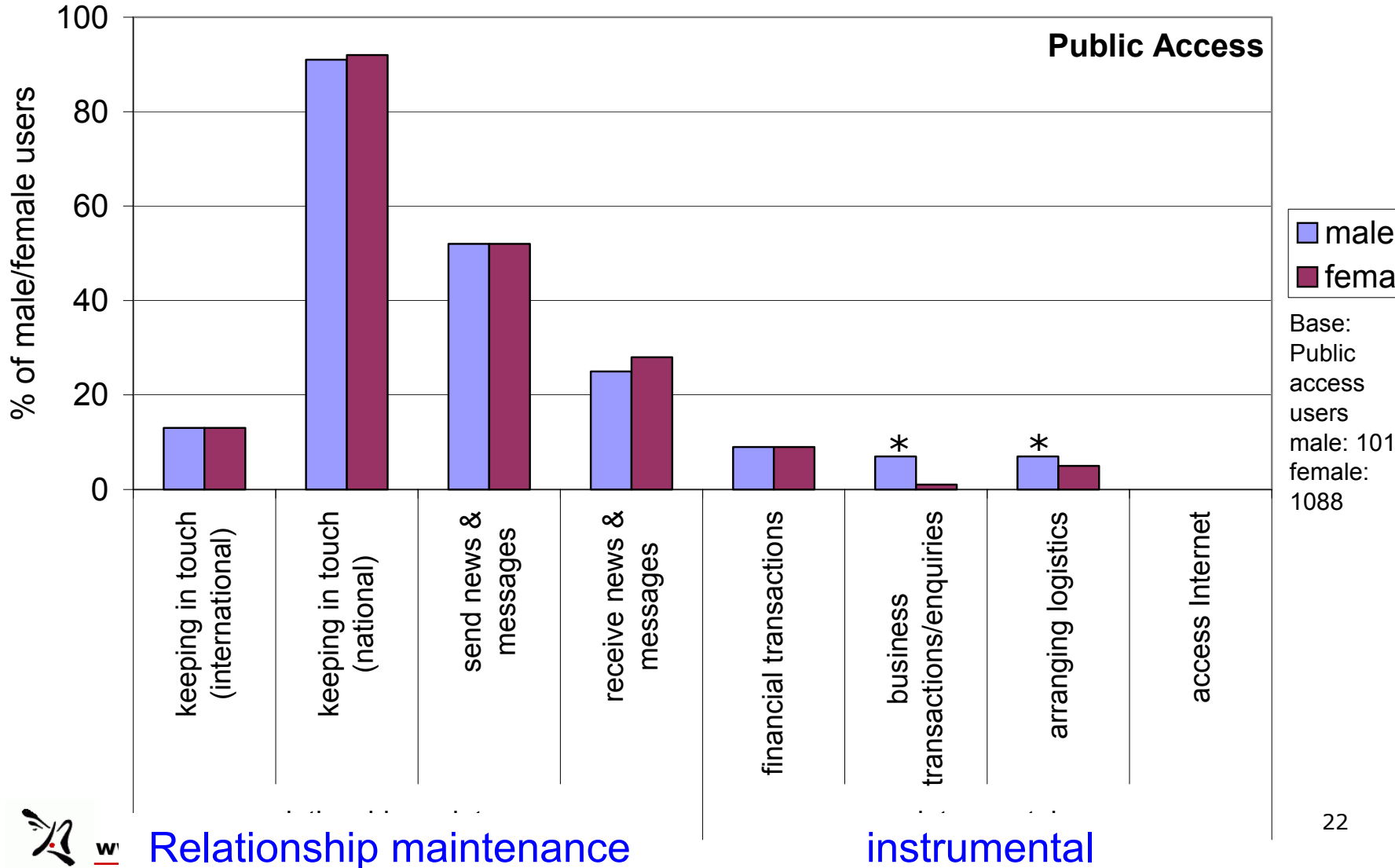
# Same story on mobiles (minor difference on business transactions) ...



Relationship maintenance

instrumental

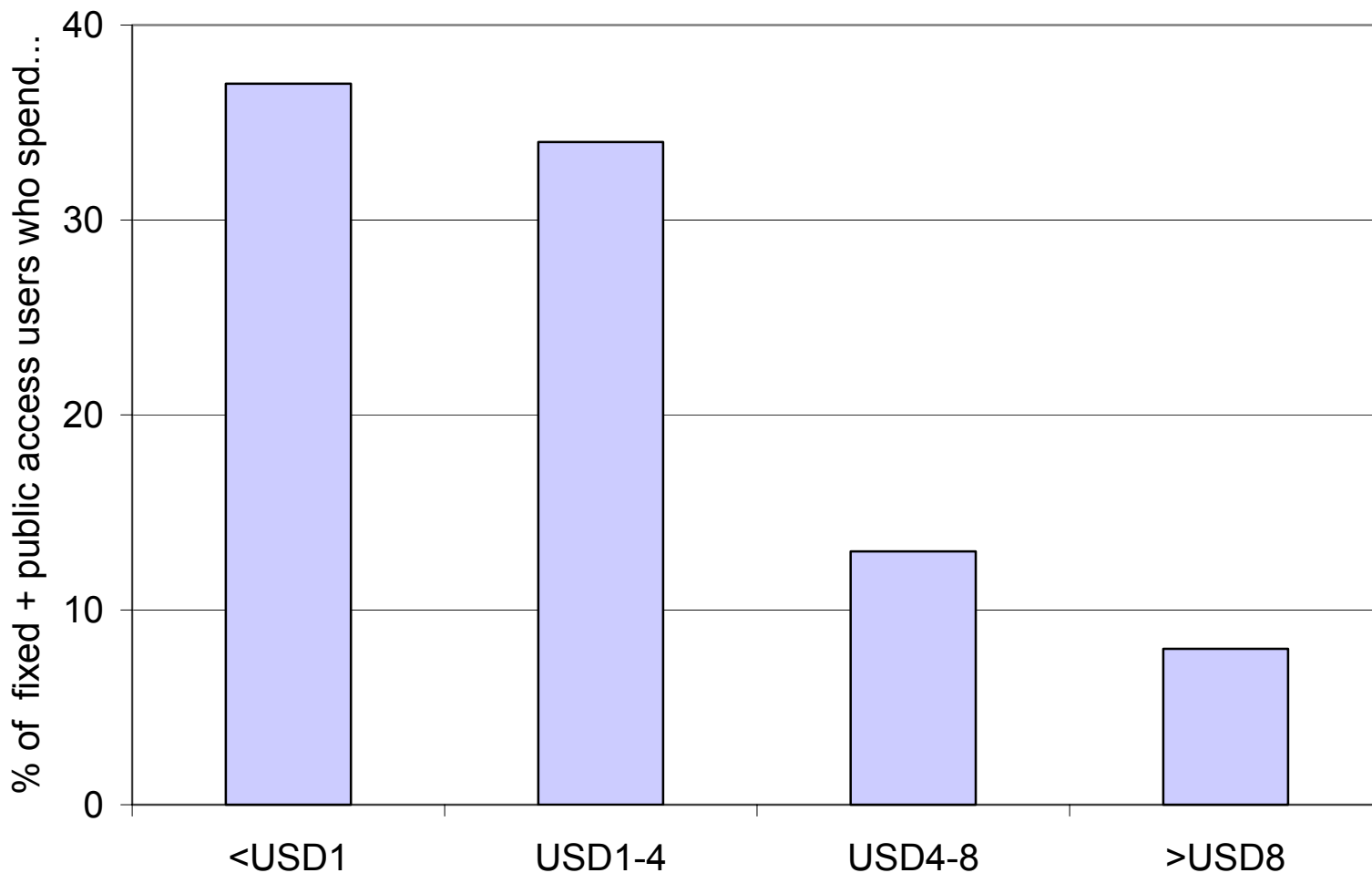
# ...and public access



What do they spend on  
communication?



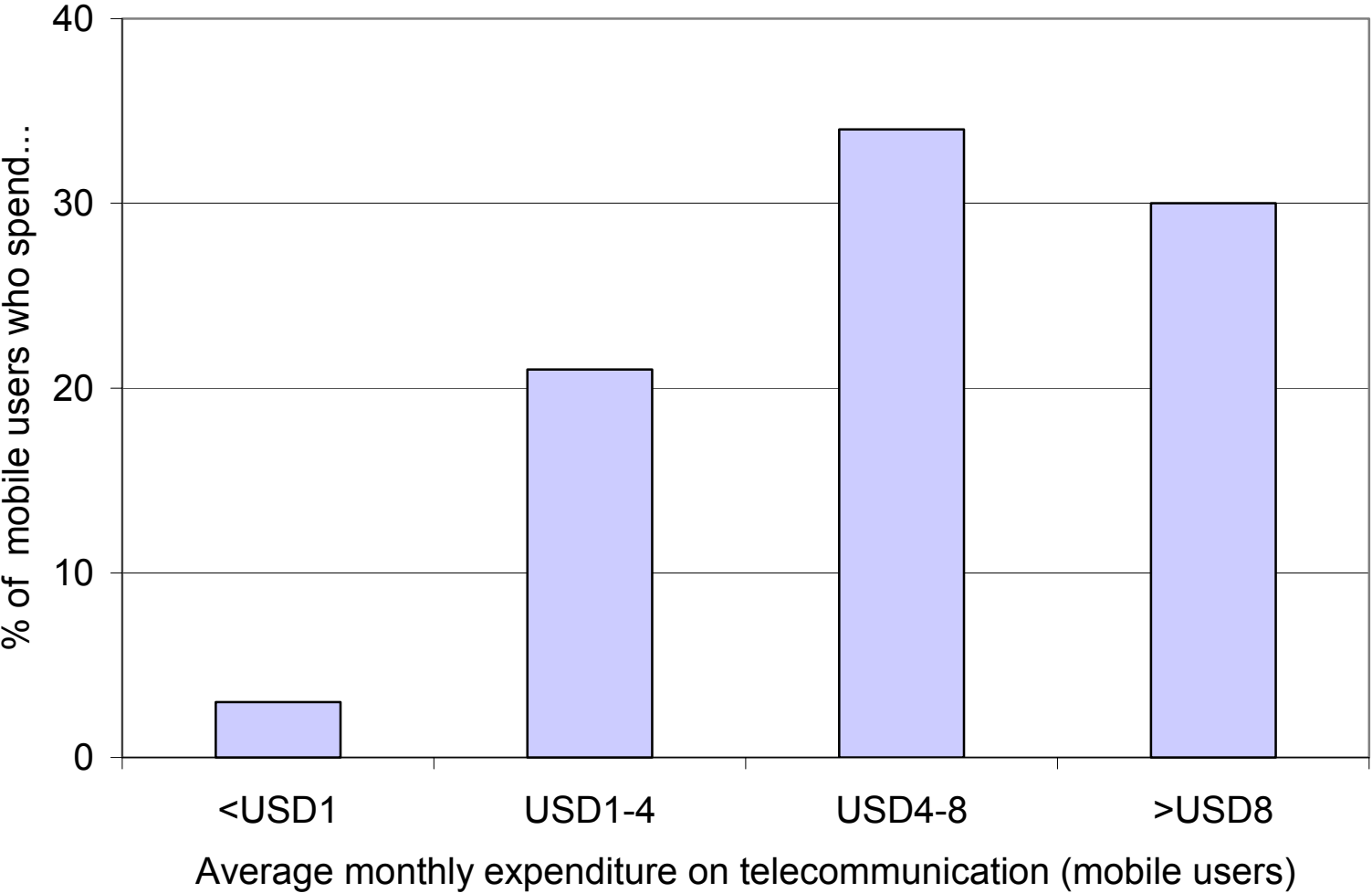
# Fixed users spend less than USD4 per month (approx)



Average monthly expenditure on telecommunication (fixed + public access users)

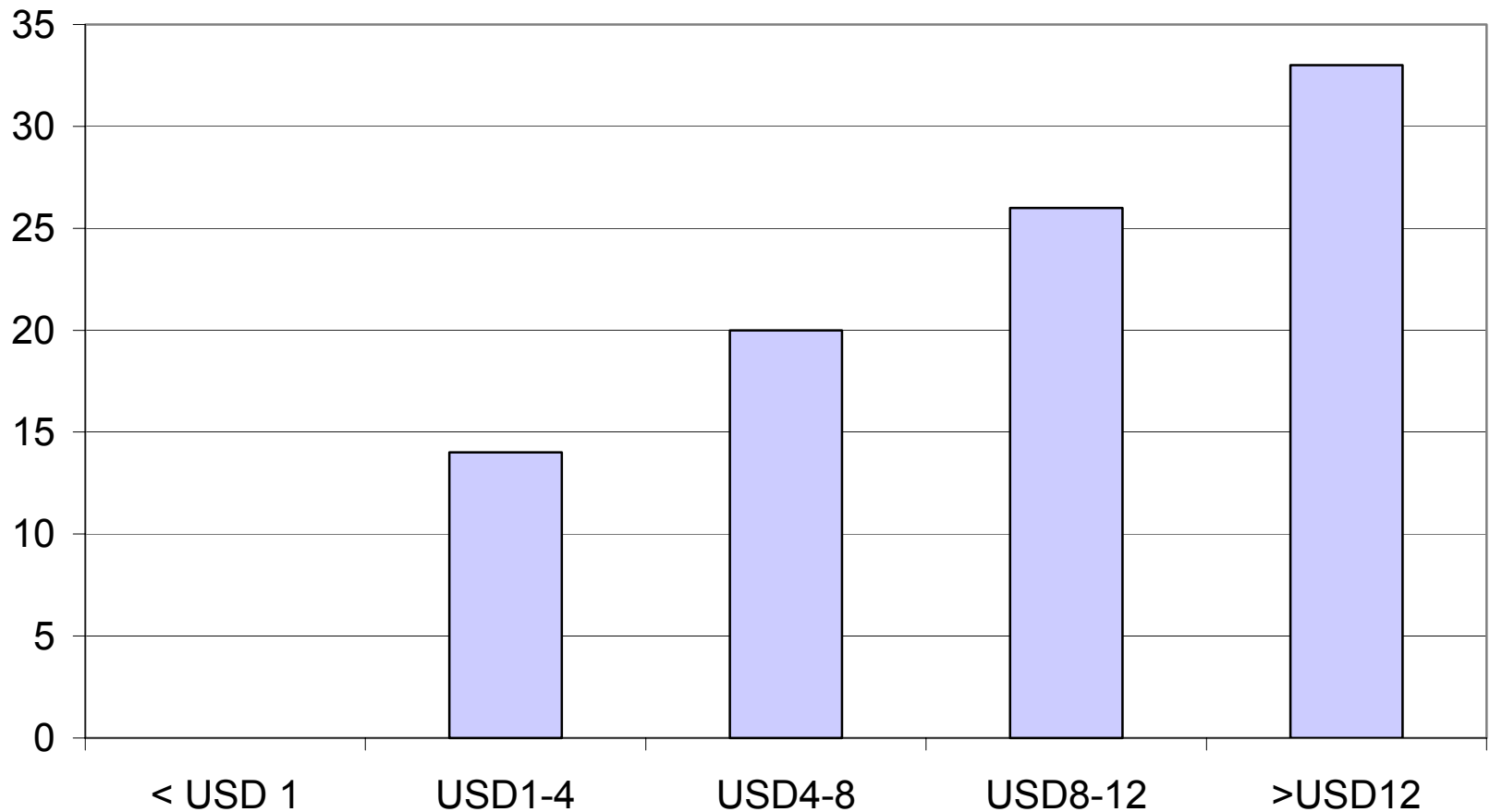


# Mobile users spending much higher amounts



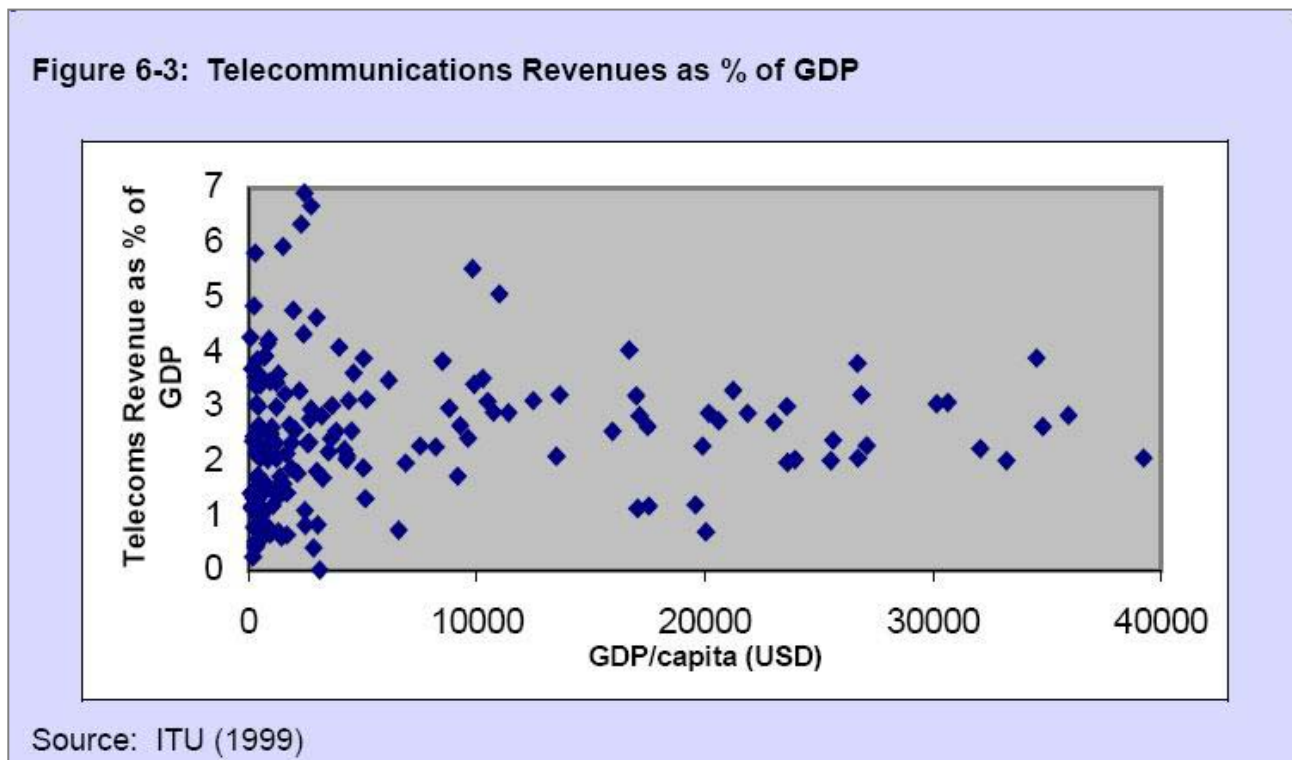
Base: mobile users: 616

# 33 % of Jaffna sample spend more than USD12 per month on mobile



- 'on average, around the world, people spend about 2-3% of their income on telecommunication'

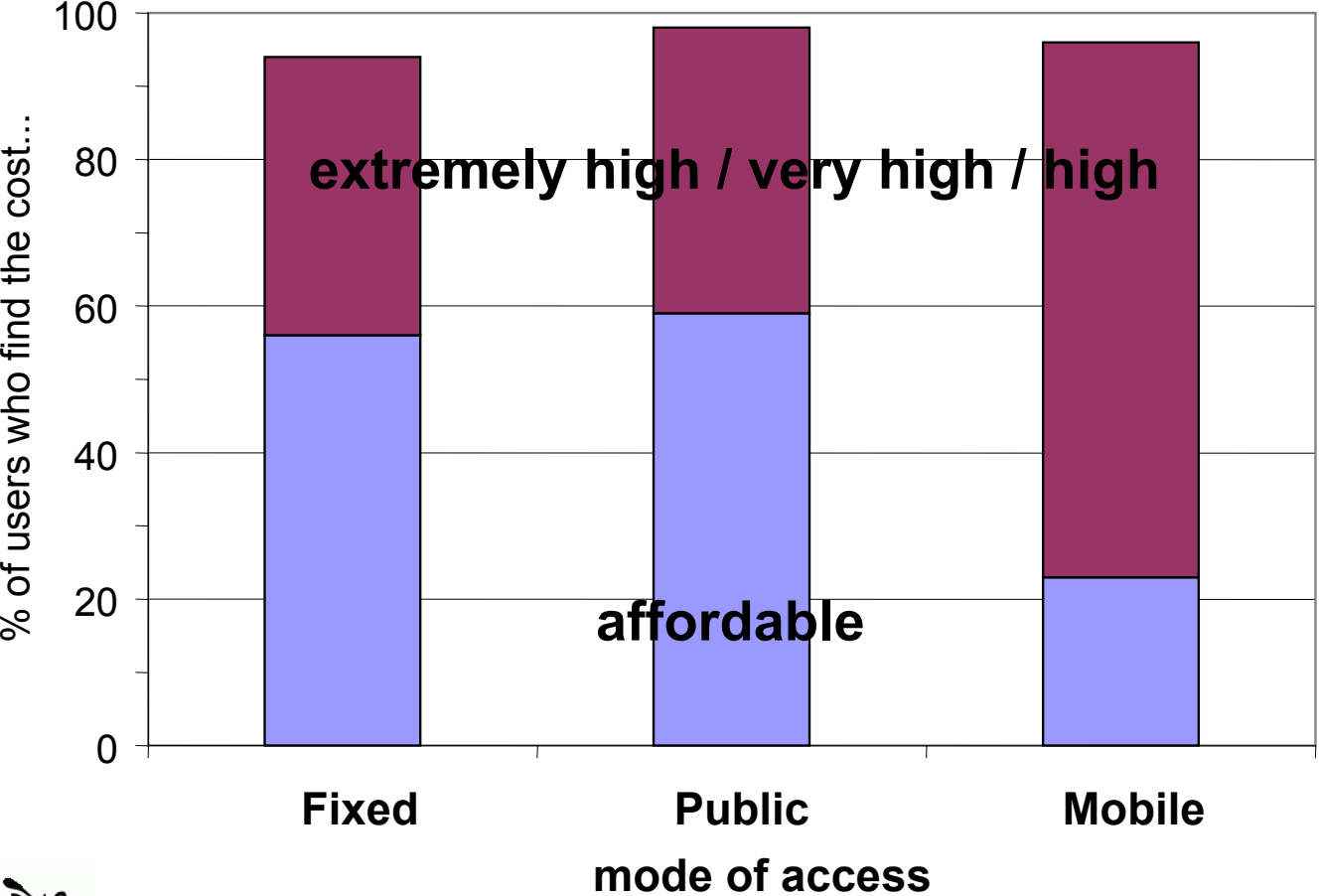
Telecommunications Regulation Handbook, *infoDev*, module 6, p.6.6



Graph taken from Telecommunications Regulation Handbook, *infoDev*; module 6



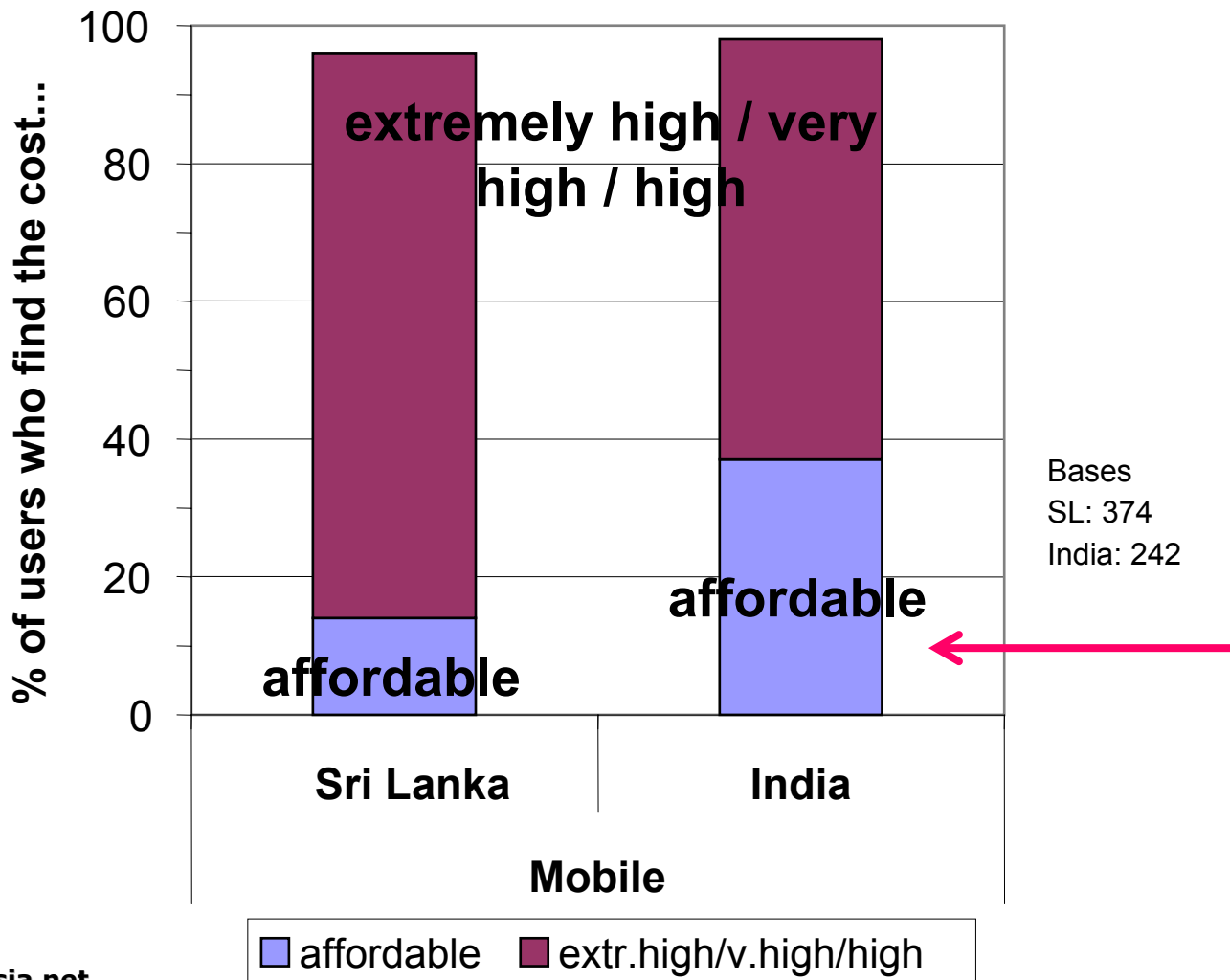
# Cost of **using** the phone: Mobile is perceived to be the least affordable



extr. high/v. high/high  
affordable

Full sample  
Bases  
fixed: 1580  
public: 2106  
mobile: 616

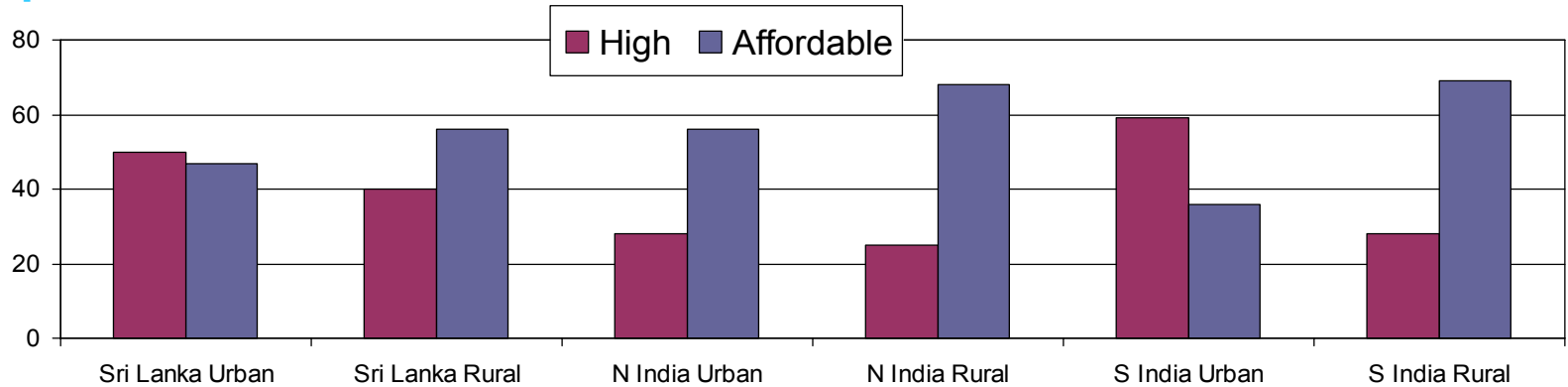
# But more affordable in India



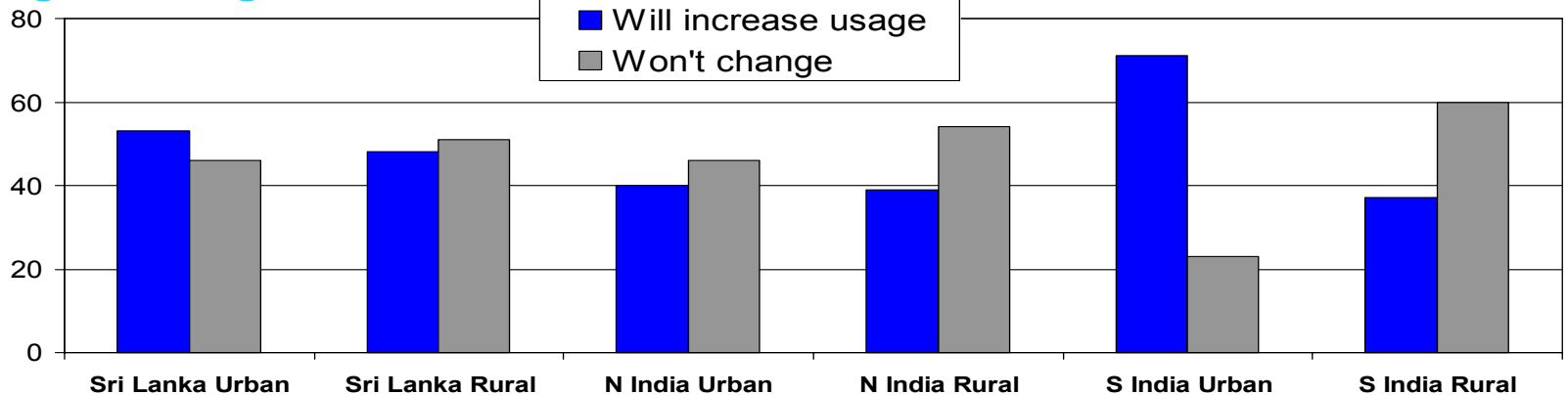
# Rural respondents perceive fixed phones to be more affordable, and less likely to change use if price changed

## Perception of current costs

Base: fixed (only) users



## Change in usage if costs were halved



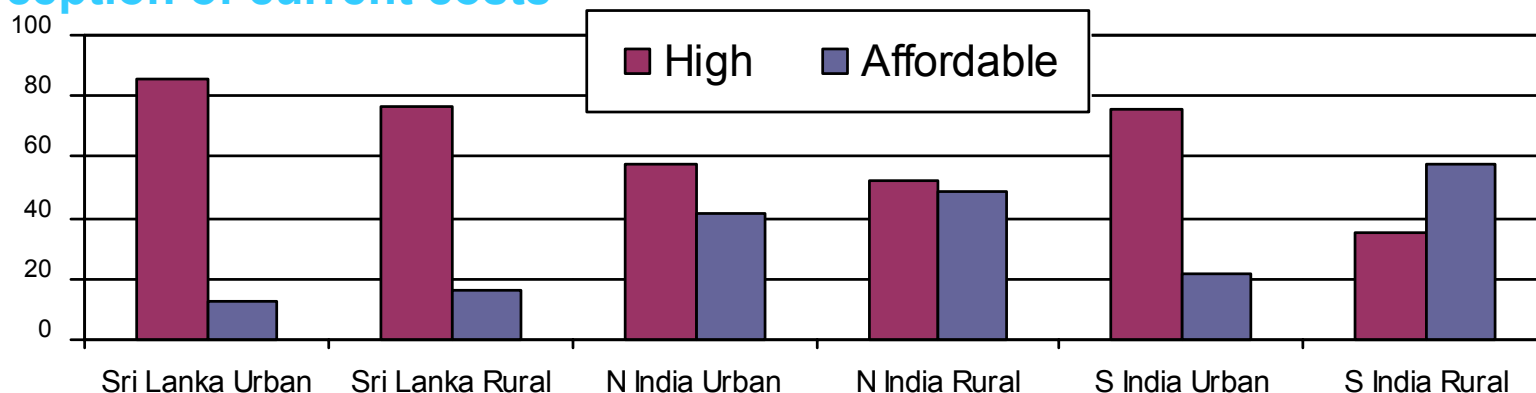
- Reflects telecom/transportation trade-off
- Access deficit charge in India ensures lower cost of rural fixed phones



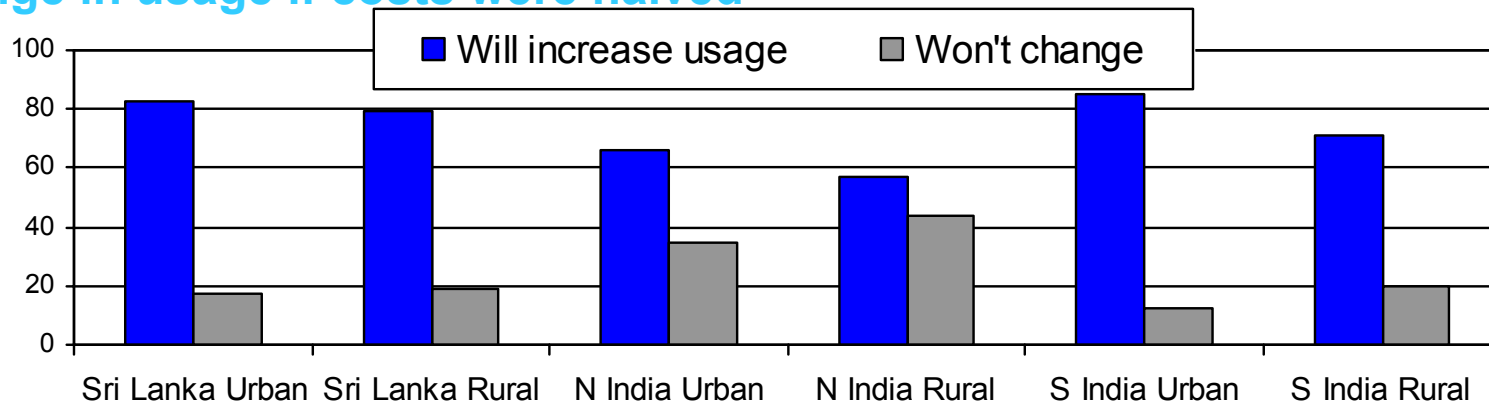
# Mobiles perceived to be more costly & use would increase if costs were halved; rural users a little happier about cost

## Perception of current costs

Base: mobile (only) users



## Change in usage if costs were halved

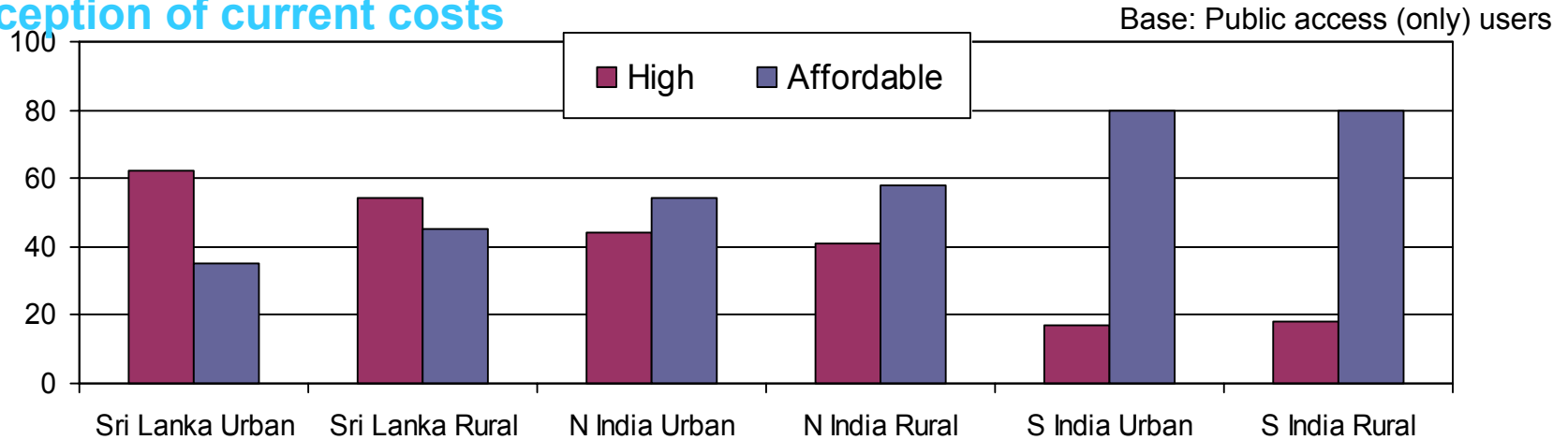


Reflects the said reasons for choice of mobile : **convenience**

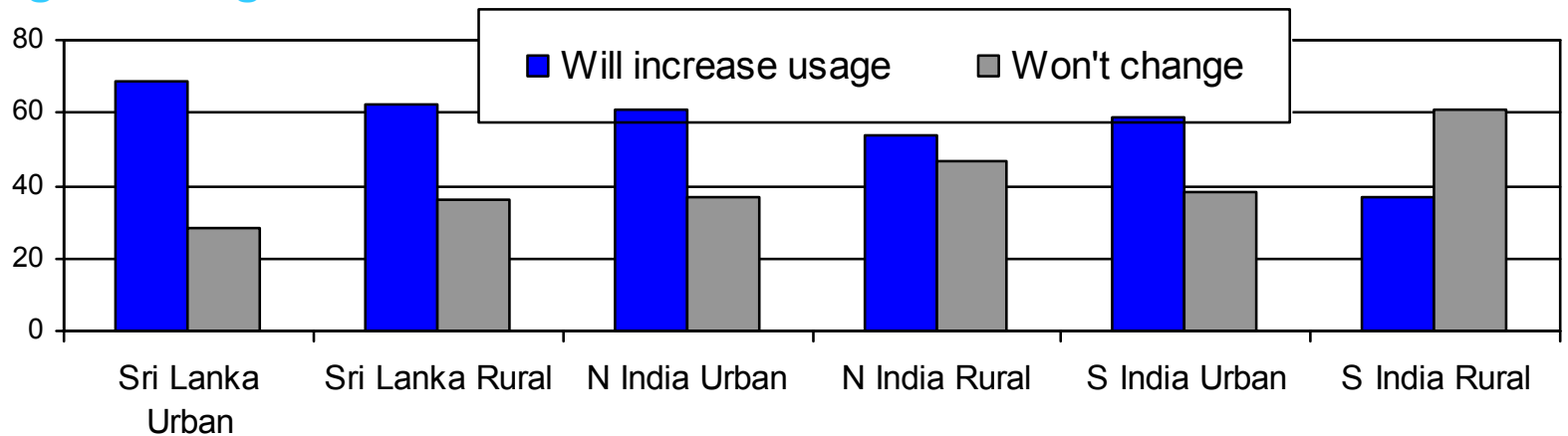


# Public access: more affordable in rural areas

## Perception of current costs



## Change in usage if costs were halved



Despite respondents in India perceiving current costs to be affordable, they are willing to increase phone usage if costs were halved.

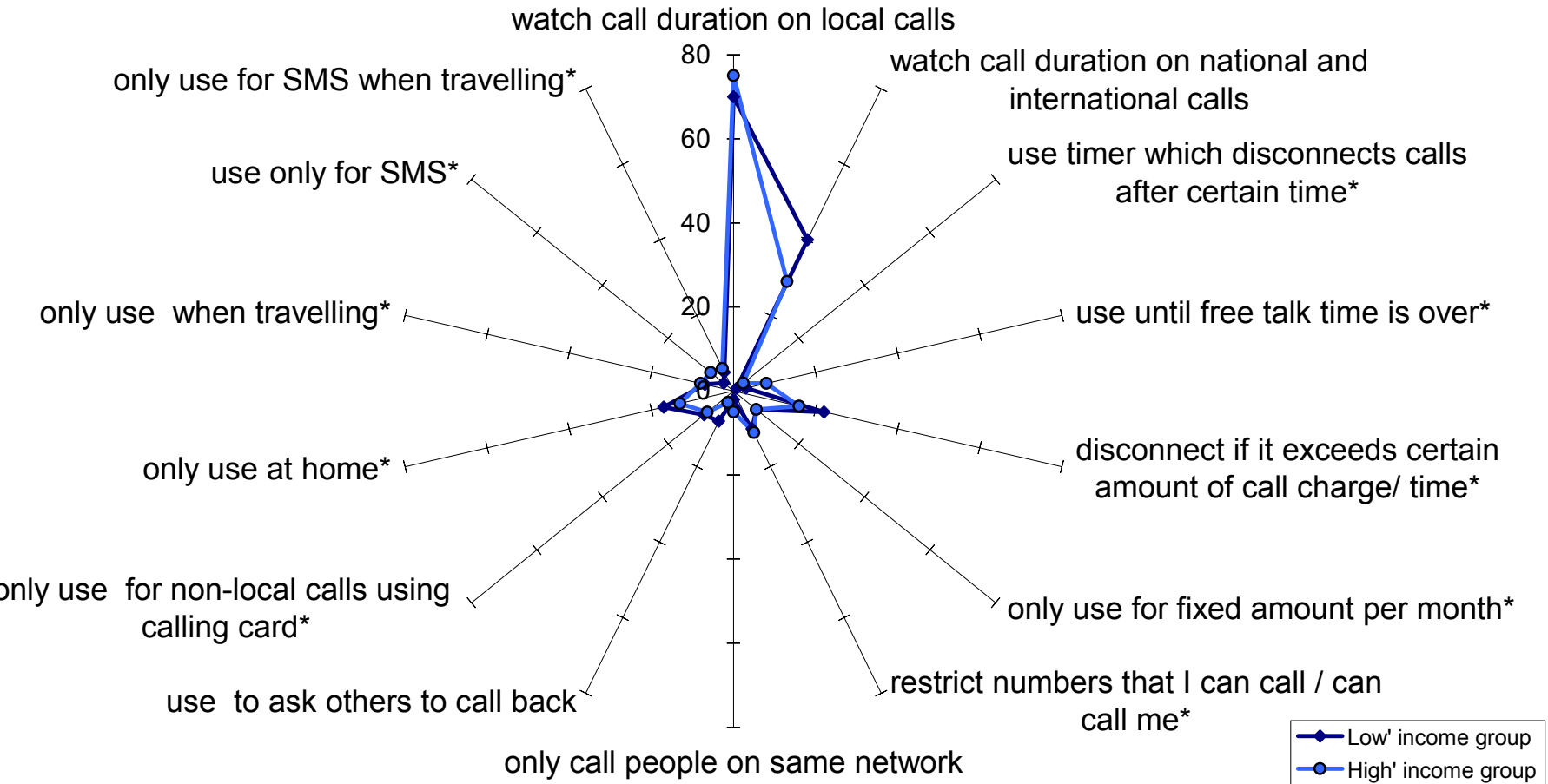


Are they 'strategic' in their use?

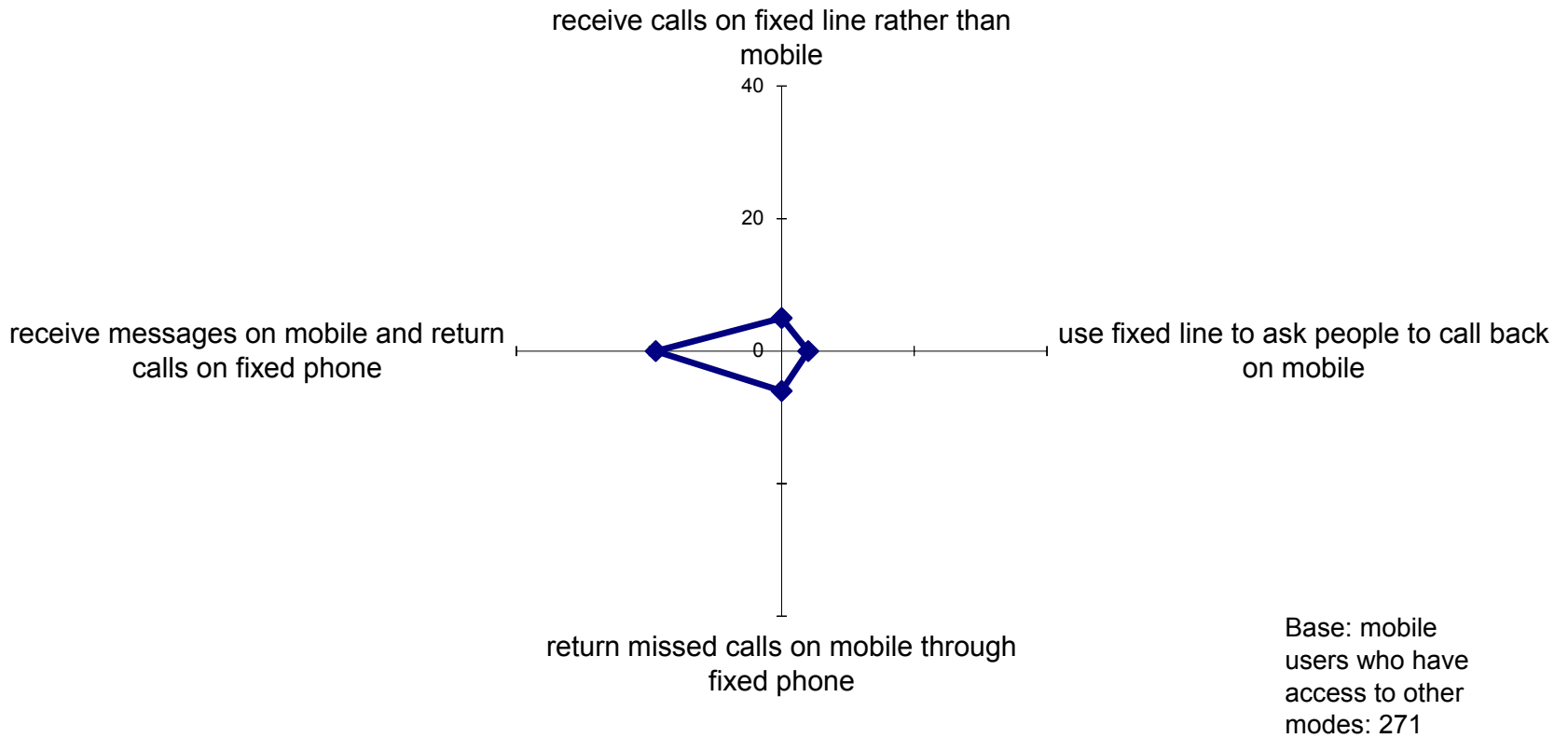


# 'strategies' on mobile

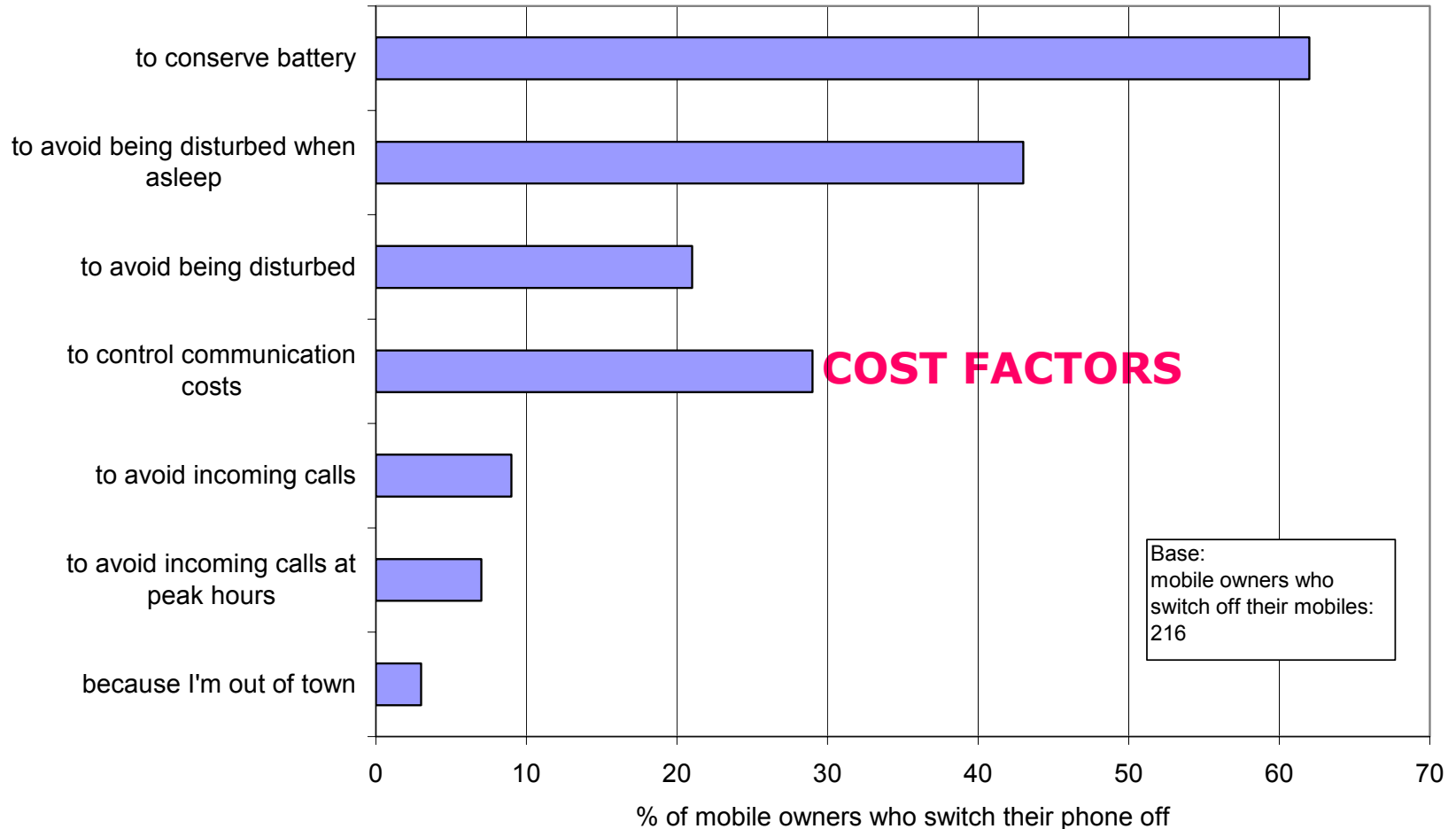
## Use of strategies in fixed lines by income group



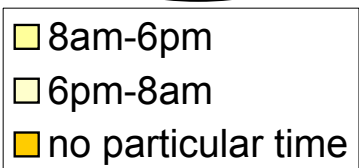
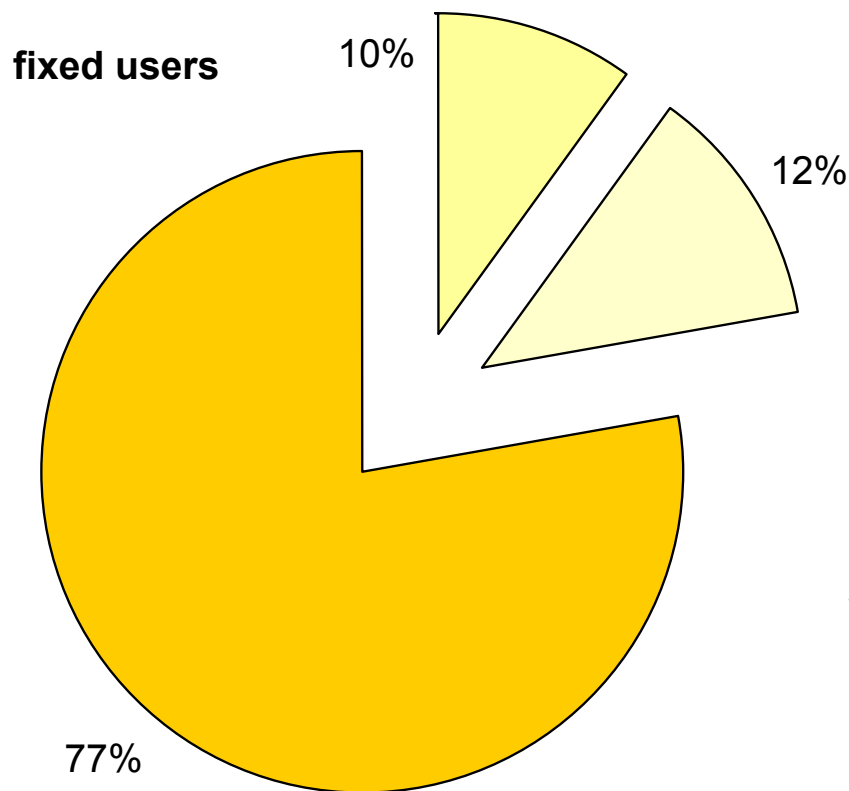
## Multiple mode strategies (mobile users)



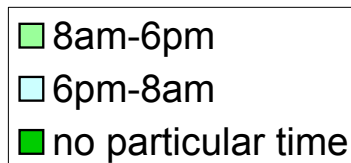
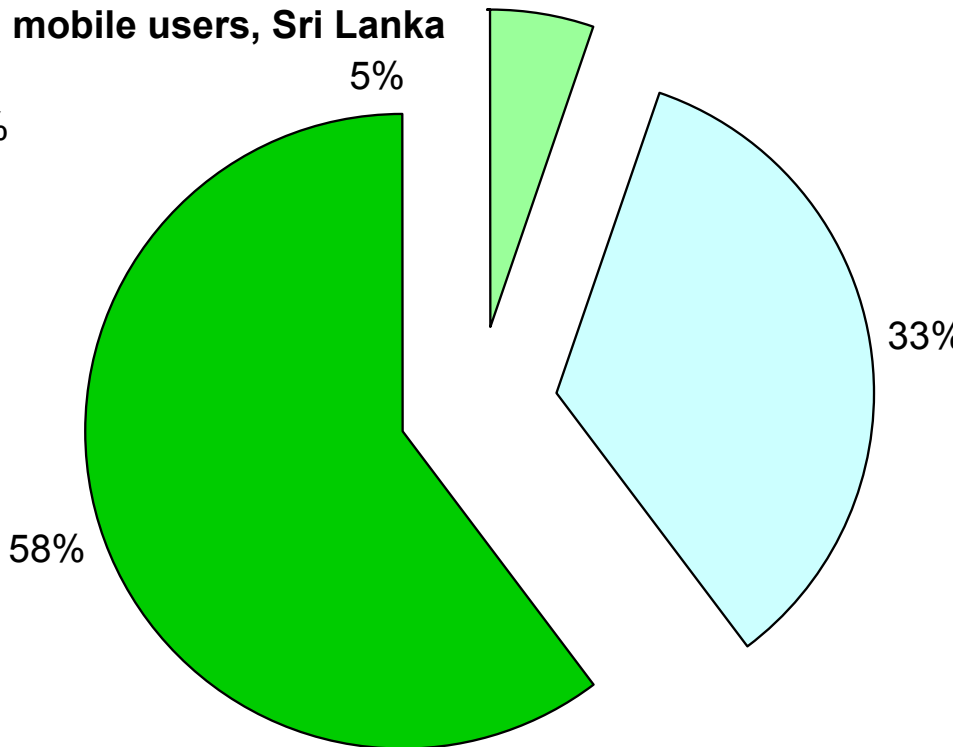
# 43 % of mobile owners switch off their phone: not for cost reasons



# Time of day that users make calls



Base: 2854 (fixed users, full sample)



Base: 374 (mobile users, Sri Lanka)

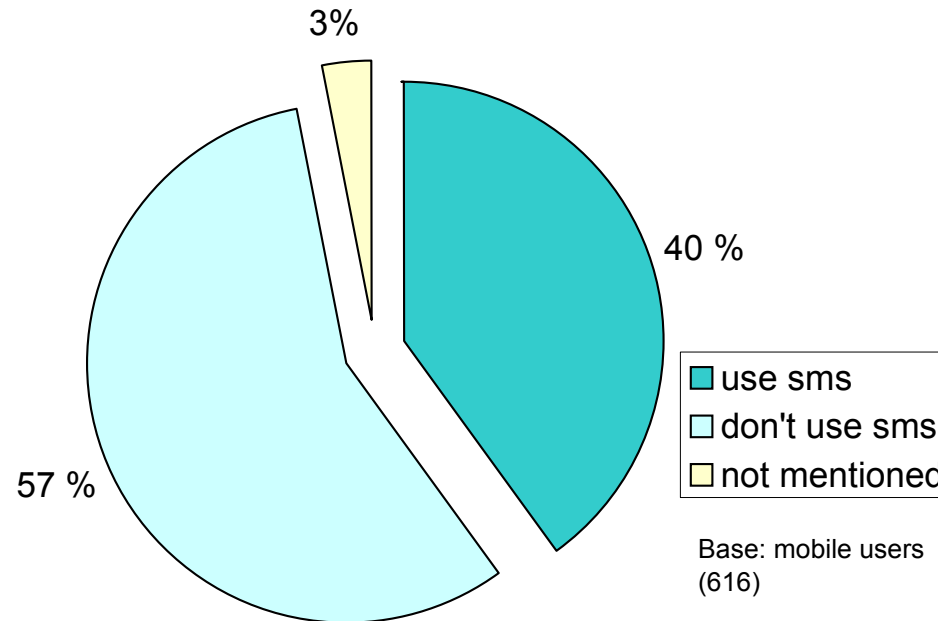


# SMS used as a means to reduce communication expenditure

## Why is SMS used?

<b>to minimize comm. expenditure</b>	<b>88 %</b>
as a signal	58%
to make sure message is received	48%

Mobile users that use the short message service

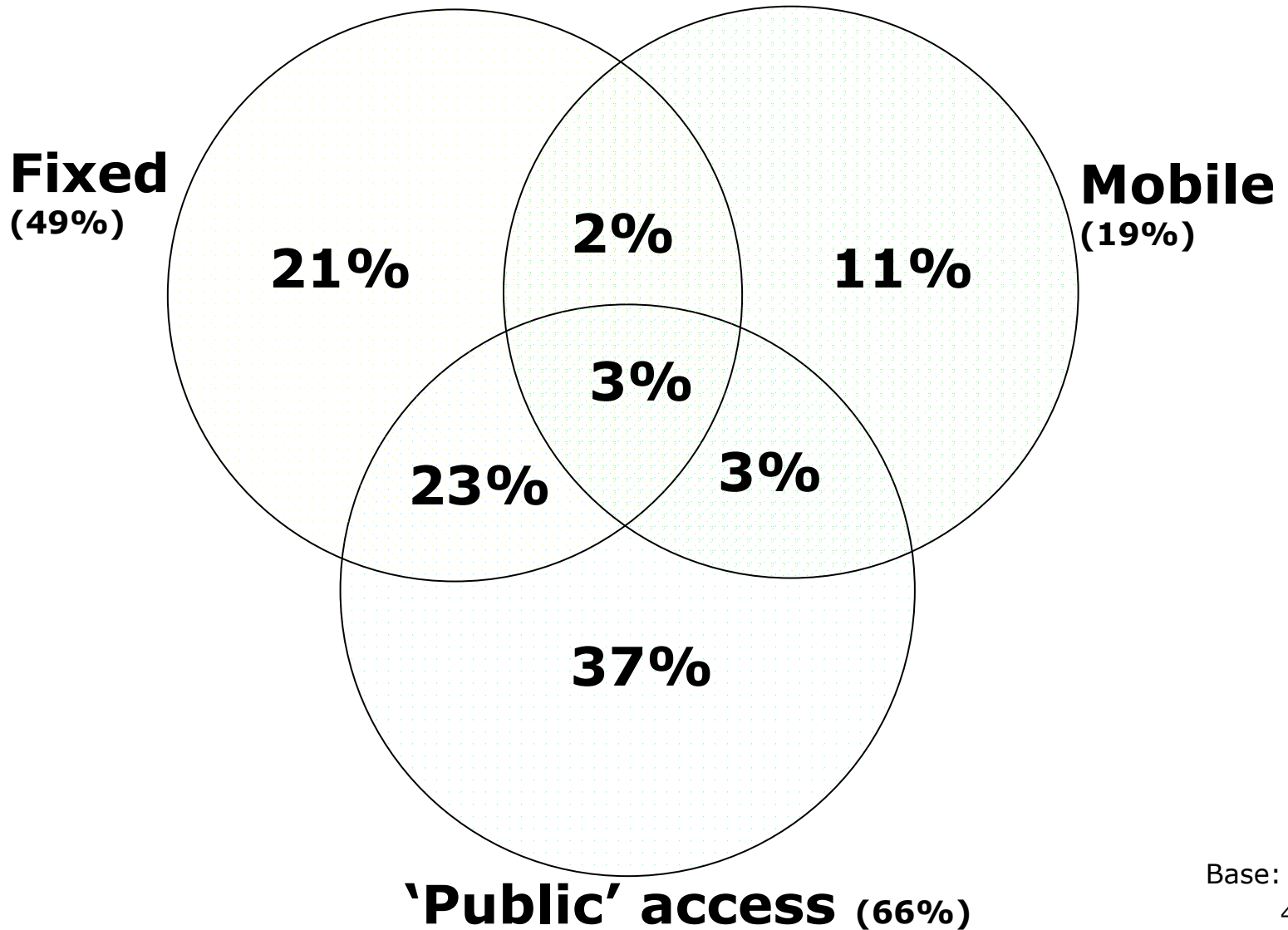


Overall little 'strategic' use...why?



# Few options to make use of strategies:

69% have access to only one mode

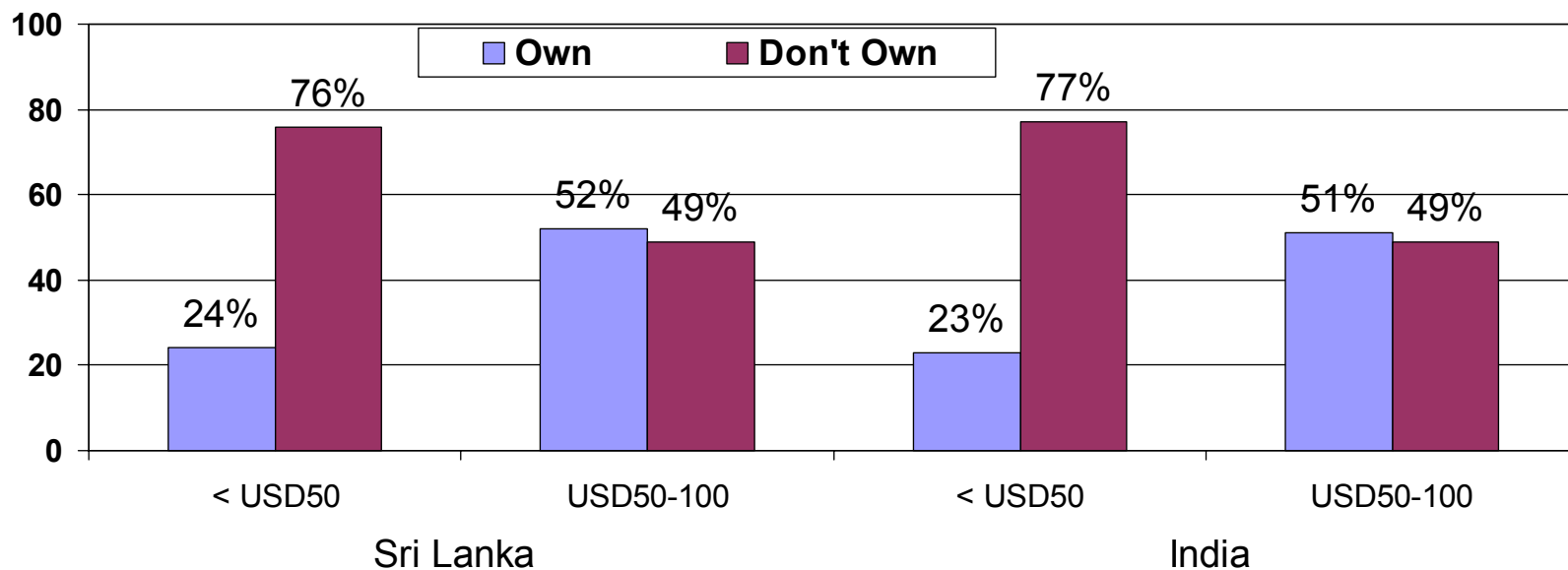


Base: 3199



# Majority are using other people's phones:

58% don't own phones

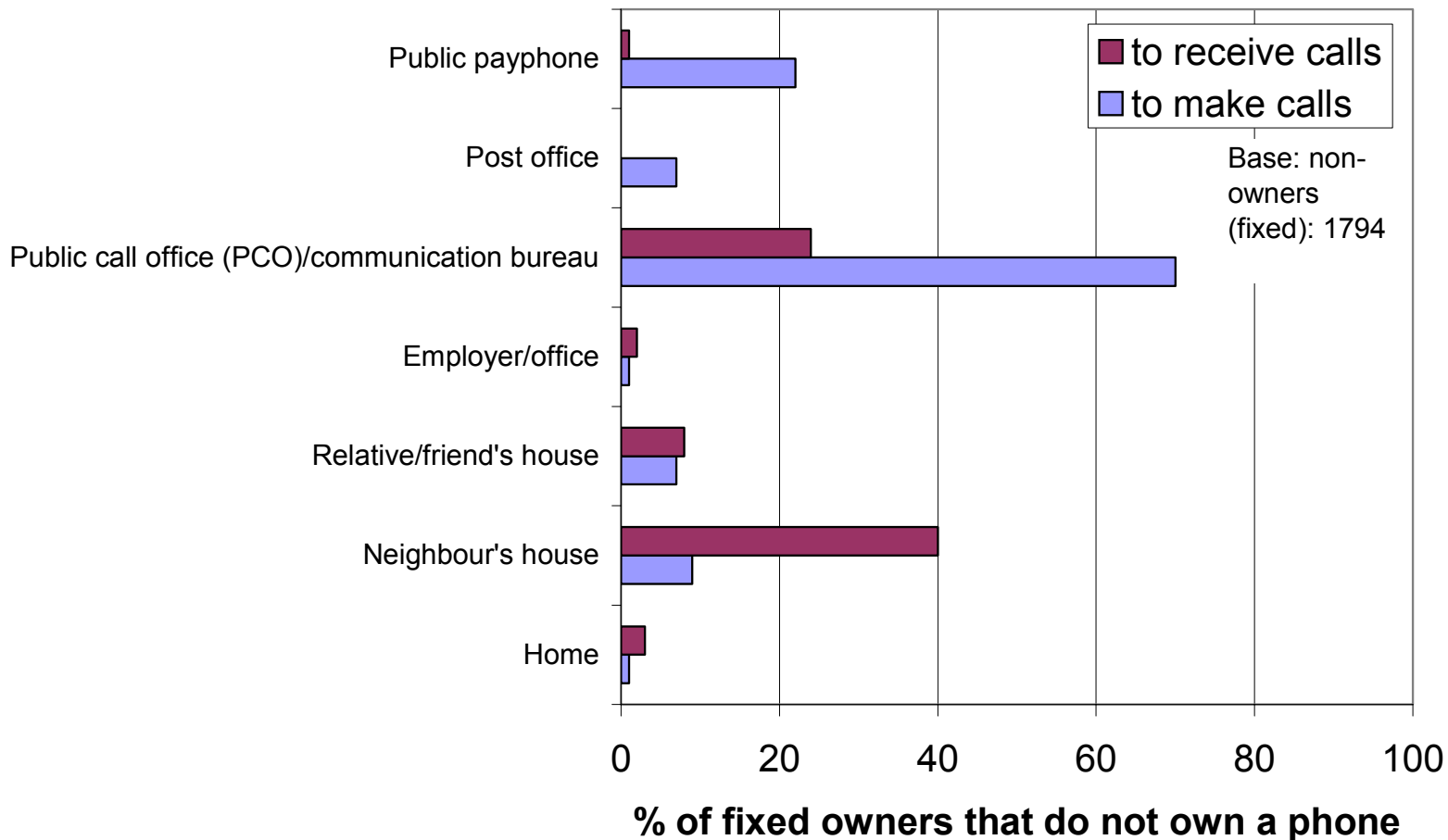


Many of their contacts likely to be in same situation



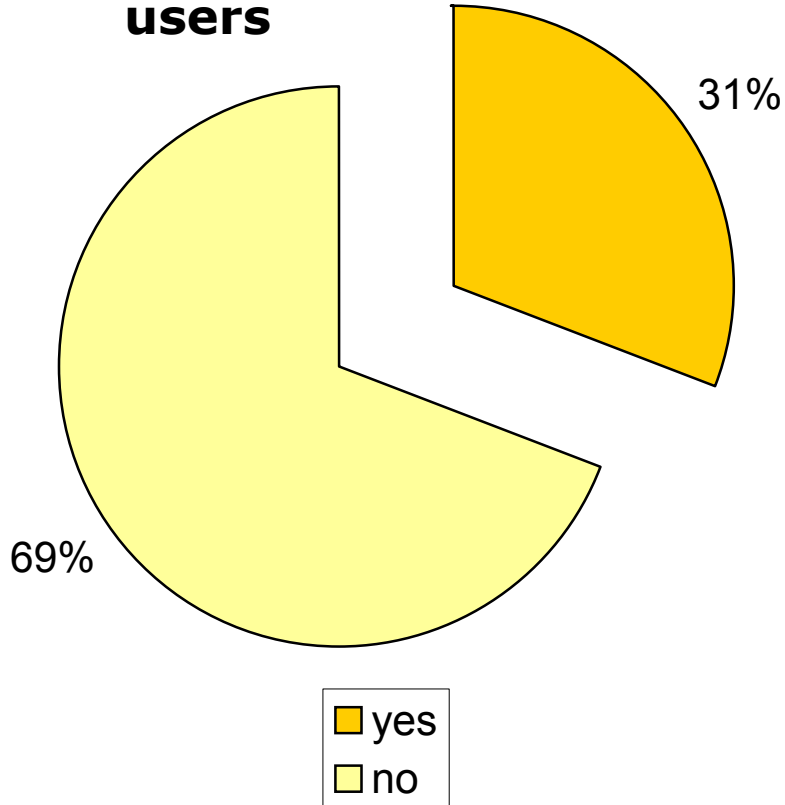
# Shared use of phones

the place where fixed users who do not own a phone most often use the phone



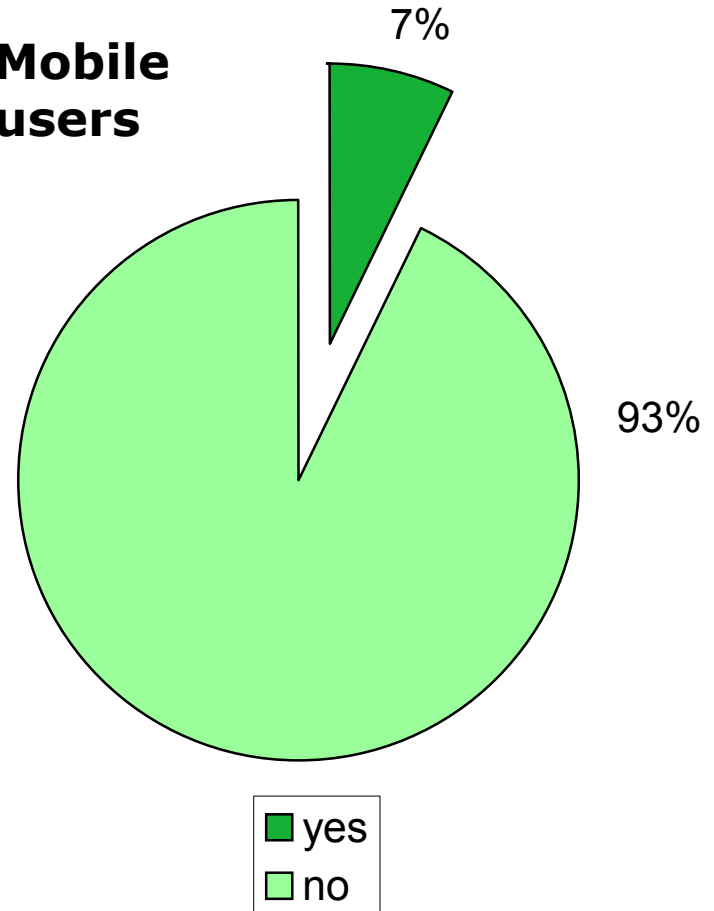
# *I allow 'others' to use my phone*

## **Fixed users**



Base:  
Fixed owners  
(847)

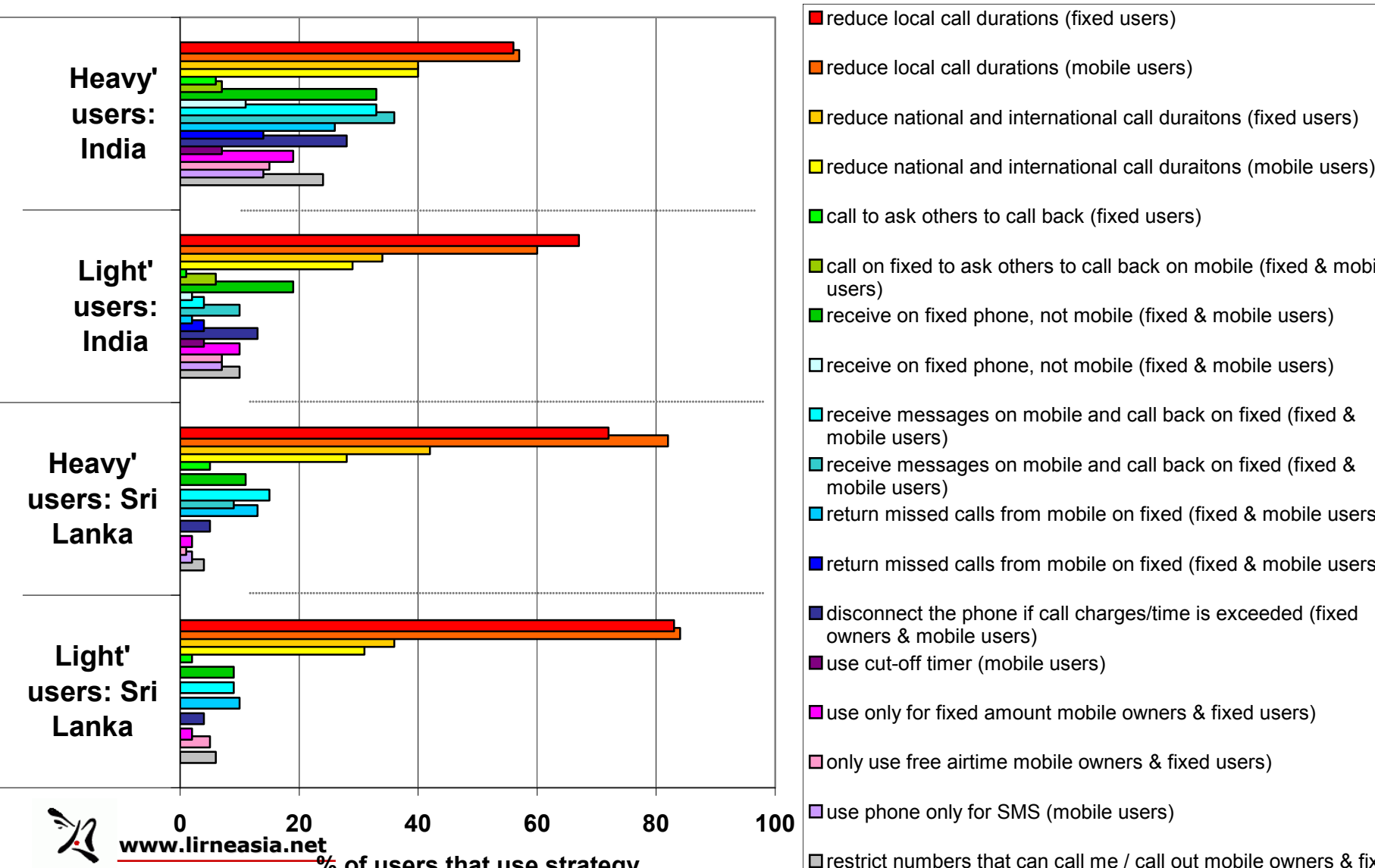
## **Mobile users**



Base:  
Mobile owners  
(509)



# Little discretion in the few calls that they make: Heavier users use a few more strategies



# In conclusion

- Neglected, silent group of consumers
  - Spend considerable amount on telecom services
  - Not entirely happy with cost, esp. on mobile, however make few complaints about use
  - Willing to increase use if costs come down
  - Most rely on shared access, as a result, little discretion

**More available at [www.lirneasia.net](http://www.lirneasia.net)**

