Perceived economic benefits of telecom access at the Bottom of the Pyramid in emerging Asia

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The discussion on the benefits of access to telecommunications, particularly for the poorer sections of society, is taking on greater importance with increasing mobile penetration in the developing world. It is argued that socio-economic benefits from such access would improve their life conditions and contribute more widely to growth and development of nations. While ample evidence is available to substantiate these arguments at a macro level, support at the household level, is largely anecdotal with statistical evidence limited at best.

This paper attempts to fill this void by studying, inter alia, the impacts of access to telecommunications in improving efficiencies and economic conditions from a household perspective at the ‘Bottom of the Pyramid’ (BOP) across India, Pakistan, Philippines, Sri Lanka and Thailand. The study is unique both in terms of geographical coverage and in terms of the innovative methodology adopted to ascertain robust usage data from a region completely dominated by a pre-paid business model.

Findings of the 8,670 sample study reveal that while a host of positive impacts are generated, owners of telephones do not perceive economic benefits of such access to be as high or as uniform as some previous anecdotal and case studies, seem to suggest. The paper analyses in detail how these findings differ across countries, socioeconomic groups, gender and other relevant segments.

In order to understand the affordability dynamics of the findings, price elasticity of demand is modeled for select countries using a generalized linear model. The findings reiterate assertions of previous studies on the relatively inelasticity at the BOP segment indicating no major changes in usage patterns resulting from marginal price revisions.

Finally the paper discusses the multifaceted reasons behind the many findings and proposes a number of action items to be initiated by policy makers, operators, regulators and civil society in order to leverage greater benefits from access to telecoms at the BOP in emerging Asia.