

**ICT DEVELOPMENT  
IN RURAL AREAS OF SRI LANKA  
-A POLICY PAPER-**

By

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The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.



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## ABSTRACT

Information Communication Technology (ICT) has made a great impact to the world. It is accepted that the future economies will be based on ICT development and also the data available shows that ICT development is linked to socio-economic development. Many developing nations are striving to achieve ICT development expecting the benefits it brings to the areas of agriculture, education, health, tourism and disaster management etc. In most of the developing countries the majority of the population resides in the rural areas. And it is also a fact that in developing countries there exists a digital divide between rural and urban areas. Therefore it is necessary to develop ICT in the village.

The major drawback in developing ICT in rural areas is the lack of telecommunication infrastructure. The telecommunication operators perceive rural telecommunication rollout to be uneconomical. But this view is challenged by innovative business models and methods devised for rural communication by various countries. It is now said that rural telecommunication can be profitable and no longer done for charity and governments should see subsidization as a last resort.



It is evident that two types of market gaps are existing namely efficiency gap and true access gap, which affects telecommunication infrastructure development. The markets which has efficiency gap can be bridged by creating an enabling environment and eliminating barriers by regulators and government which impedes telecommunication infrastructure development. When these barriers are removed the markets with efficiency gap functions efficiently. The market, which has true access gap, has to be addressed differently. The markets, with true access gap, even when functions efficiently, do not perform well. Different approaches are needed to each of these segments. In the thesis, the policy directives required for telecommunication infrastructure development are discussed.



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