

Committee of Secretaries to recommend on package for Telecom Sector

The Telecommunications sector and, in particular, Telecom Service Providers (TSPs) have a critical role in connecting India for both voice and data communication. India has achieved a tele-density of over 90% and there are nearly 665 million internet users and 595 million broadband subscribers in the country. India is moving towards broadband coverage of the entire country in a time bound manner.

An analysis of the financial performance of the Telecom Service Providers reveals that the aggregate gross revenue of the Industry between the years 2017-18 and 2018-19 has decreased. The price of data for the customer at an average of Rs. 8 per GB is perhaps the lowest in the world. The average revenue per user (ARPU) per month has declined from Rs. 174 in the year 2014-15 to Rs. 113 in 2018-19. It is also estimated that a subscriber on an average uses 10GB of data and 700 minutes mobile talk time per month.

Representations have been received from major Telecom Service Providers regarding the financial stress being faced by them. Future commitments for payments of spectrum purchased by TSPs and the license fee including the contribution to Universal Service Obligation Fund (USOF) have been cited as issues which require to be looked into. In this regard, recommendations of TRAI on reduction of USOF contribution and spectrum usage charge is being relied upon by the TSPs. The TSPs claim that large amount of input tax credit is available to their credit in Government Account which they request should be adjusted against future Government levies. Further, the recent Supreme Court Order on definition of gross revenue is expected to

further enhance the financial stress of these TSPs. A case is also being made for viable pricing for voice and data, which falls in the realm of TRAL.

The Government is seized with the matter and will certainly facilitate an environment which continues to herald growth of the telecom sector, improves quality of service by TSPs, generates resources for TSPs for the expansion and renewal of telecom infrastructure and enables empowerment of people of India by access to broadband. Government intends to take a holistic view of the entire situation.

A Committee of Secretaries (CoS) under the Cabinet Secretary will examine all aspects and suggest measures to mitigate the financial stress being faced by the Telecom Sector, keeping in view the larger public interest and improving telecom services for the subscribers. The CoS will look into the demand of TSPs for deferment of Spectrum auction payment due from TSPs for the years 2020-21 and 2021-22 in order to ease the cash flow situation of the Industry. Also on agenda will be a re-look at the USOF charge which is currently at 5% while the TRA1 in their earlier recommendations have suggested for reduction of this charge to 3%. The request of Telecom Service Providers for reduction of Spectrum Usage Charges (SUC) may also be examined.

In parallel, it is expected that the TRAI will also examine the aspect of minimum charge for voice and data services to ensure that the financial health of the Telecom sector remains robust and viability is sustained.

The CoS is expected to meet shortly and submit their recommendations in a time bound manner.