

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS**

**LOK SABHA
UNSTARRED QUESTION NO.5349
TO BE ANSWERED ON 28th MARCH, 2018**

CLOSURE OF A TELECOM SERVICE PROVIDER

5349. SHRI B. SENGUTTUVAN:
DR. C. GOPALAKRISHNAN:
SHRI P. NAGARAJAN:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) the details of Telecom Service Providers (TSPs) in the country;
- (b) whether many TSPs are incurring losses due to unhealthy competition in the telecom market and if so, the details thereof, TSP-wise;
- (c) whether a private TSP has filed for bankruptcy recently and if so, the details thereof and the reasons therefor and the steps taken/being taken by the Government to prevent the recurrence of such incidents;
- (d) whether the sudden termination of all forms of services by the said private TSP without any opportunity of porting has led to consternation among its customers and if so, the details thereof and the steps taken by the Government in this regard; and
- (e) whether the volume of porting has increased in recent times which has led to TRAI fixing the cap on the Mobile Number Portability (MNP) fee and if so, the details thereof?

ANSWER

**THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)**

- (a) The details of Telecom Service Providers (TSPs) is placed at **Annexure-I**.
- (b) Based on audited/unaudited information submitted by telecom service sector companies to TRAI, the profit before tax (PBT) for the telecom service sector companies has decreased from Rs.(-) 1699 crore for the financial year 2015-16 to Rs.(-)38153 crore for the financial year 2016-17. For the financial year 2016-17, out of a total of 50 companies, 24 companies have shown losses (i.e. decrease in PBT). Government ensures healthy competition in telecom sector. Recently, TRAI has reiterated the regulatory principles of non-predatory, non discrimination and transparency in tariff offers vide Telecommunication Tariff (63rd Amendment) Order, 2018 on 16th February, 2018. The details of losses of MTNL for last 3 years is as follows:

Year	Losses (in Cr.)
2014-15	2893.39 crs.
2015-16	2005.74 crs.
2016-17	2941.08 crs.

The losses of BSNL during the last three years are as under:

Year	Losses (in Cr.)
2014-15	8235 Cr.
2015-16	4859 Cr.
2016-17	4793 Cr.

The particulars of Airtel are as below:

Particular	31-03-2013	31-03-2014	31-03-2015	31-03-2016	31-03-2017
Total Debt/ Equity	123%	119%	121%	142%	145%
EBITDA / Interest Exp.	6.2x	7.6x	11.0x	8.7x	3.7x
Total Debt/ EBITDA	2.9x	2.7x	2.6x	3.0x	3.0x
Total Debt/ (EBITDA-CAPEX)	6.4x	4.7x	4.9x	6.9x	8.2x

The particulars of Idea are as below:

Particular	31-03-2013	31-03-2014	31-03-2015	31-03-2016	31-03-2017
Total Debt/ Equity	98%	125%	117%	161%	209%
EBITDA / Interest Exp.	6.2x	8.4x	10.2x	7.0x	2.2x
Total Debt/ EBITDA	2.4x	2.7x	2.6x	3.2x	5.8x
Total Debt/ (EBITDA-CAPEX)	5.9x	5.3x	4.5x	7.8x	NA

The particulars of Reliance Communications are as below:

Particular	31-03-2013	31-03-2014	31-03-2015	31-03-2016	31-03-2017
Total Debt/ Equity	121%	126%	104%	118%	154%
EBITDA / Interest Exp.	2.8x	2.6x	2.9x	3.0x	2.2x
Total Debt/ EBITDA	6.5x	5.8x	5.5x	6.3x	7.4x
Total Debt/ (EBITDA-CAPEX)	9.7x	8.2x	8.5x	NM	NM

*Note: The likelihood of a company getting into financial stress is high when the Debt/ EBITDA ratio is 4X or above on a sustained basis. Considering cost of debt at 10% per annum and 8-year repayment period, the annual servicing is of the order of 22.5% of the outstanding debt amount, i.e. one-fourth of the debt needs to be serviced every year. In such a scenario, if the Debt: EBITDA ratio increases beyond 4X, the Company will not be able to service debt

(c) & (d) Three bankruptcy petitions bearing NO. 298/2018, 300/2018 and 302/2018 have been filed by corporate debtors M/s Aircel Ltd., M/s Aircel Cellular Ltd. and M/s Dishnet Wireless Ltd. respectively, under Section 10 of the Insolvency and Bankruptcy Code, 2016 in the National Company Law Tribunal (NCLT), Mumbai Bench on 28.02.2018. Director (Service Compliance), Office of the Deputy Director General (C) Coimbatore [Formerly TERM-Cell, Tamil Nadu] had informed that during the EMF Audit

on 20th February 2018, it has been revealed that most of the BTSs of M/s Aircel Ltd are found switched off and this has led to non-generation of UPC, thereby causing great inconvenience of the customers. It has also been mentioned that the quality of service being offered to the customers is - getting adversely affected. M/s Aircel Ltd through their letter dated 22nd February 2018 have informed that their major infra-provider has turned off as much as one third of their total sites in different LSAs across the country and has caused disruption in the network. In this connection, with a view to help subscribers to exercise their right to port they have requested TRAI to issue necessary direction to generate UPC through additional codes etc. After examination, a Direction was issued on 27th February 2018 to Mobile Number Portability Service Providers (MNPSPs), M/s Aircel and other TSPs to facilitate portability by providing additional codes for generation of UPCs for the subscribers of M/s Aircel Ltd. All the Telecom Service Providers are governed by the License Agreement entered into with the Department of Telecommunications (DoT). Keeping in view that there has been a large scale deterioration of the services, DoT has issued direction to M/s Aircel Limited on 19.03.2018 for compliance of various clauses of the agreement including those relating to customer services and Quality of Performance.

(e) Till 2015, for the purpose of MNP service, the entire country was divided in two zones with 11 LSAs in each zone and MNP service was allowed only within the LSA. The scope of MNP was expanded in the financial year 2015-16, when MNP service was allowed across all licensed service areas on Pan India after the national rollout (Full MNP) w.e.f. 3rd July 2015. This resulted in huge upsurge in the number of porting requests from 64 lakh in 2010-11 to 636 lakh in 2016-17. TRAI reviewed upsurge in the porting requests when MNP services were opened on PAN India basis and the financial results of both the MNP Service Providers for the last two available years, TRAI decided that the per port transaction charge may be reduced. After - following the consultation process, TRAI notified "The Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2018 (03 of 2018)" prescribing the 'Per Port Transaction Charge' of Rupees Four for each successful porting and simultaneously reducing the ceiling for MNP charges from Rs.19 / - to Rs.4 /-.

The details of Telecom Service Providers

Sl. No.	Type of License	No. of Licenses/Authorisation
1.	Basic	02
2.	CMTS(Cellular Mobile Telephone Services)	28
3.	UASL(Unified Access Services Licence)	86
4.	Unified License (UL)	93
5.	Unified Licence (VNO)	122
6.	Internet Service provider (ISP) License	206
7.	Unified License of ISP Authorisation	991
8.	International Long Distance (ILD) License	22
9.	National Long Distance (NLD) License	28
