

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

**LOK SABHA
UNSTARRED QUESTION NO. 867
TO BE ANSWERED ON 7TH FEBRUARY, 2018**

TERMINATION CHARGES

867. DR. KAMBHAMPATI HARIBABU:
DR. K. GOPAL:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) the average termination charges paid by the Telecom Service Providers (TSPs) to the foreign operators;
- (b) whether the TSPs have demanded any change in the said termination charges and if so, the details thereof and the reaction of the Government thereto;
- (c) whether the country's telecom industry is reeling under severe financial stress and has been seeking relief from the Government; and
- (d) if so, the details thereof and the steps taken by the Government in this regard?

ANSWER

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

(a) & (b) In order to review Interconnection Usage Charges, TRAI had issued a Consultation Paper (CP) on "Review of Interconnection Usage Charges" on 05.08.2016 wherein, inter-alia, issues related to "International Termination Charges" were raised for consultation with stakeholders. The Authority has conducted an Open House Discussion (OHD) on 20.07.2017 in New Delhi, which was attended by many stakeholders. In order to give more deliberation on the issue of International Termination charges, the Authority conducted a Workshop on "Review of International Termination Charges" on 16.10.2017 in New Delhi. The Workshop was attended by International Long Distance Operators (ILDOS) who carry voice traffic to/from India and Access Service Providers.

In the consultation process, based on the information on outgoing ILD minutes for the Quarter ending September, 2017 received from ILDOs, the Authority computed the global average of the International Settlement Charges (ISC) payable by Indian ILDOs to foreign carrier as Rs.2.57 per minute.

- 2. The Termination charges paid by TSPs to the foreign operators is not regulated by TRAI. These charges depend upon the termination charges etc. in the foreign country.

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(c) & (d) Committee of Secretaries (CoS) had discussed the issue relating to stress in balance sheet in select sectors in its meeting held on 29th March 2017. Consequently, an Inter-Ministerial Group (IMG) was constituted on 16/05/2017 with following terms of reference:

- To examine systemic issues affecting viability and repayment capacity in telecom sector and furnish recommendations for resolution of stressed assets,
- Policy reforms and strategic interventions for Telecom sector.

The IMG held eight meetings and also held consultations with all the major TSPs and the Banks. Based on these and other sectoral data IMG analyzed the nature and extent of financial stress in the telecom sector and made a set of recommendations.

The IMG noted that the financial stress for some TSP's has been caused because of low operating cash flows over a number of years, inadequate equity infusion and debt which does not appear sustainable. The sector is in the midst of consolidation. The competitive context of the industry has led to accumulation of debt, a decline in EBIDTA and requirement of periodic infusion of additional equity. In view of this, the primary solution to the current problems in the sector will come internally from the TSPs and they remain liable to service the debt taken by them. Any proposed government intervention needs to be carefully calibrated to ensure that the short term pain points are somewhat eased giving the sector time to rework its investment and business strategy. The major recommendations of IMG are as follows:

- a) Replacement of the current provision of PLR+2% by MCLR+4% as the interest rate on delayed payment of LF & SUC - One year MCLR of SBI may be adopted with effect from the date of its introduction by RBI i.e. April 01, 2016 in place of PLR.*
- b) Amendments to Spectrum Trading Guidelines – DoT may issue appropriate clarification that only the gain or profit arising from trade of spectrum shall constitute as part of revenue for the purpose of calculation of AGR. The matter has been referred for legal opinion, and would need further approval by Cabinet.*

Deferred Payment Liability of TSPs on Spectrum – TSPs may be given a one- time opportunity to opt for higher number of instalments (16) instead of the currently permitted 10 instalments. The matter needs further approval by Cabinet
Spectrum Auction and Reserve Price of Spectrum – (a) The approach to fixing the reserve price for spectrum may be reviewed for optimization in line with international best practices. (b) The next Spectrum auction may be conducted at a time as considered appropriate by the Government. (c) The exercise of Harmonization of spectrum in 2300Mhz and other bands may be taken up on priority.

- c) Spectrum Cap Holding – DoT may consider the issue in consultation with TRAI.*
- d) Mortgage of Spectrum – (a) TPA may be reviewed to be in line with IBC in consultation with DFS. (b) Extend the new TPA guidelines all access licenses*
- e) Long Term Loans to the Telecom Sector - The banks may take a commercial decision to take advantage of the 5/25 scheme for the telecom sector.*

Report of IMG has been approved by the Telecom Commission, and action for obtaining necessary approvals is underway, including consultations with TRAI and other Govt. departments.
