

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
LOK SABHA
UNSTARRED QUESTION NO.2339
TO BE ANSWERED ON 26TH DECEMBER, 2018
REVERSE AUCTION**

2339. SHRI SHRIRANG APPA BARNE:
SHRI DHARMENDRA YADAV:
DR. PRITAM GOPINATH MUNDE:
SHRI BHARAT SINGH:
SHRI ADHALRAO PATIL SHIVAJIRAO:
SHRI ANANDRAO ADSUL:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government is considering a reverse auction model to raise timely money from sale of bandwidth for meeting fiscal needs without further adding to the financial stress of mobile phone operators and if so, the details thereof;
- (b) whether the telecom industry is divided over the pricing of airwaves and if so, the details thereof and the response of the Government thereto;
- (c) whether Telecom companies are facing severe liquidity crunch which may force the companies to default on a Rs.900 crore spectrum-related charge and if so, the details thereof; and
- (d) whether this liquidity crunch has nudged the Government to consider some relief measures for the sector at large and if so, the response of the Government thereto and the corrective measures taken by the Government to work out a solution to save the telecom industry from insolvency?

ANSWER

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

- (a) No, Madam.
- (b) After consultation with Telecom industry/ stakeholders, pricing of spectrum has been recommended by Telecom Regulatory Authority of India (TRAI).
- (c) & (d) Some Telecom Service Providers (TSPs) have stated that there is financial stress in the telecom industry primarily due to the competitive forces that have kept the prices at unsustainable and below cost levels. In order to examine systemic issues affecting viability and repayment capacity in telecom sector and furnish recommendations for resolution of stressed assets, an Inter-Ministerial Group (IMG) had been constituted on 16/05/2017. The IMG reported that the competitive context of the industry has led to accumulation of debt, decline in EBIDTA and requirement of periodic infusion of additional equity. In line with the IMG recommendations, Government has taken the following corrective measures:
 - a. TSPs have been given a one time opportunity to opt for higher number of instalments (16) instead of the currently permitted 10 instalments.
 - b. Prime Lending Rate (PLR) has been replaced by Marginal Cost Lending Rate (MCLR) for calculation of interest on delayed payment of Licence Fee (LF) and Spectrum Usage Charges (SUC).
 - c. Spectrum Cap has been revised.
