

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

**LOK SABHA  
UNSTARRED QUESTION NO. 1550  
TO BE ANSWERED ON 27<sup>TH</sup> NOVEMBER, 2019**

**IMPACT OF FREE TELECOM SERVICES ON BSNL**

**1550. SHRI KUNWAR DANISH ALI:**

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the mode of 'No Cost Pricing' followed by a private Telecom Service Provider (TSP) is causing loss to the Government exchequer and if so, the details thereof and the reaction of the Government thereto;
- (b) whether free services offered by the said TSP is making the BSNL less competitive in the telecom market and if so, the details thereof and the reaction of the Government thereto; and
- (c) whether the Government has reportedly favoured the aforesaid TSP by reducing Interconnect Usage Charge (IUC) that was denied to other companies and if so, the details thereof and the reasons therefor?

ANSWER

**MINISTER OF COMMUNICATIONS, LAW & JUSTICE AND  
ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI RAVI SHANKAR PRASAD)**

- (a) Due to fierce competition in the telecom sector over the recent years, Telecom Service Providers (TSPs) have revised their tariff downwards. As a result, the Gross Revenue (GR) and Adjusted Gross Revenue (AGR) of all TSPs has declined since last three financial years. Detail of GR and AGR for the last three years is as under:

(in Rs. lakh crore)

S.No.	Financial Year	Amount of GR	Adjusted GR
1	2016-17	2.65	1.85
2	2017-18	2.46	1.50
3	2018-19	2.24	1.39

Accordingly, License Fee (LF) which is 8% of AGR and Spectrum Usage Charges (SUC) which is 3 to 5 percent of AGR, has also decreased.

(b) Bharat Sanchar Nigam Limited (BSNL) has informed that to remain competitive in the market, BSNL also reduced tariff and the same has been reflected in the financial statements. Despite increase in the subscriber base, revenue earned from mobile services has declined in the last three years. Details of mobile subscribers of BSNL and revenue from mobile services of BSNL is as under:

Year	Number of subscribers as on 31 <sup>st</sup> March of FY (in crore)	Revenue from mobile service (in Rs. crore)
2016-17	10.14	11271.95
2017-18	11.19	7185.41
2018-19	11.57	4708.63

The Cabinet approved the revival plan for BSNL on 23.10.2019 which inter-alia, includes the measures to reduce the Staff cost through a Voluntary Retirement Scheme (VRS) to the employees of age 50 years and above, administrative allotment of Spectrum to BSNL for providing 4G services, monetisation of assets of BSNL, and debt restructuring by raising of sovereign guarantee bonds.

(c) TRAI has informed that revision of Interconnect Usage Charge (IUC) rates is a periodic exercise. Last time, Domestic Termination Charge (for wireless to wireless calls) vide “The Telecommunication Interconnection Usage Charges (Thirteenth Amendment) Regulations, 2017” dated 19.09.2017 and International Termination Charge vide “The Telecommunication Interconnection Usage Charges (Fourteenth Amendment) Regulations, 2018” dated 12.01.2018 were downward revised. The reasons for revision of IUC rates are described in Explanatory Memorandum (EM) attached to the afore-mentioned Regulations. These rates are uniformly applicable to all Telecom Service Providers.

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