

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:544

ANSWERED ON:21.11.2001

CUT IN CELLULAR RATES

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government have reduced licence fee recently;

(b) if so, the details thereof;

(c) whether the Cellular Operators have reduced the cellular rates heavily recently;

(d) if so, the details thereof; and

(e) if not, steps being taken by the Government to check unreasonable profits being made by Cellular Operators and protect the interest of consumers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) & (b): Sir, licence fee for cellular services, for new as well as existing operators, has been brought at par with Basic Services by reducing license fee to 12% of Adjusted Gross Revenue (AGR) for Metro Service Areas and category 'A' circles, 10% of AGR for category 'B' Circles and 8% of AGR for category 'C' Circles, excluding spectrum charges. This is effective from the date of issue/announcement of guidelines for issuance of license for Basic services (i.e. 25.01.2001), permitting them to provide the use of hand held set with wireless access system limited in local area i.e. Short Distance Charging Area, commonly known as 'limited mobility', exclusive of the period during which existing or future Basic Service Operators are prohibited the limited mobility services. In addition, the cellular licencees shall pay spectrum charges on revenue share basis.

(c) & (d): The tariff for Telecom Services including Cellular Services, is controlled by TRAI (Telecom Regulatory Authority of India). TRAI has specified a standard package in the Telecommunication Tariff Order (TTO), 1999. Operators are free to offer alternative packages subject to reporting requirement. Competition has resulted in several alternative plans with lower tariffs being offered by Cellular Operators in several areas of the country.

The entry of Mahanagar Telephone Nigam Limited as the third Cellular Operator in Delhi and Mumbai has resulted in a sharp decline in the prevailing tariff levels in the two Metros, due to increased competition.

Further, reduction in capital cost and license fee costs (due to migration package) are also reasons for lower cellular tariff. On average, the overall reduction in cellular tariff has been approximately 50% in the two years since the implementation of Telecommunication Tariff Order in May, 1999. The extent of reduction varies across different service areas, depending on the level of competition and other commercial factors.

(e) The Government have licensed Bharat Sanchar Nigam Limited as the third Cellular Service operator for all Service Areas, except Metro Service Areas of Delhi and Mumbai. Licences for 4th cellular operator have also been issued in 17 circles. These steps would introduce more competition leading to reduction in tariff.