

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:1780

ANSWERED ON:10.08.2011

ROLL OUT OBLIGATIONS

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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Telecom Regulatory Authority of India (TRAI) has recommended for cancellation of licenses of some telecom companies for their failure to fulfil mandatory roll out obligations;
- (b) if so, the details thereof along with the reasons for failure of roll-out obligations on the part of these companies, company-wise;
- (c) the action taken by the Government on the recommendations of TRAI;
- (d) whether there are differences of opinion between TRAI and Department of Telecommunications in respect of cancellation of licenses of companies;
- (e) if so, the details thereof and the measures taken to reconcile the differences; and
- (f) the manner in which the Government proposes to re-issue the licenses after their cancellation?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) & (b) Yes, Madam. TRAI vide its letters dated 18th November 2010 and 22nd December 2010 recommended for cancellation of 43 Unified Access Service (UAS) licenses as per licence conditions and to seriously consider the cancellation of another 31 UAS licenses in view of non-utilisation of spectrum and resultant loss of revenue to exchequer after legal examination, out of 145 UAS licences granted between the year 2006 to 2008.

Department of Telecommunications (DoT) has examined the recommendations of TRAI as per the UAS License conditions in consultation with Ministry of Law and Justice. As per the UAS License conditions, the date of registration by Telecom Engineering Centre (TEC)/ Telecom Enforcement, Resource and Monitoring

(TERM) cells of Department of Telecom (DoT) for rollout coverage testing is treated as date of meeting the roll out obligation if the prescribed coverage criteria is met on testing by TEC/TERM cell. All the licensees to whom UAS licences were granted from the year 2006 to 2008 and got 2G start-up spectrum have registered with TERM cells of DoT for meeting the 1st year roll out obligation testing except the following UAS licensees who have failed to register with TERM cells for rollout coverage testing.

Sl.No. Name of Licensee Company Name of Service Area

- | | | |
|---|----------------------------|-------------------|
| 1 | S Tel Pvt. Ltd. | Jammu and Kashmir |
| 2 | Spice Communications Ltd.# | Andhra Pradesh |
| 3 | Spice Communications Ltd.# | Haryana |
| 4 | Spice Communications Ltd.# | Maharashtra |
| 5 | Idea Cellular Ltd.# | Karnataka |
| 6 | Idea Cellular Ltd.# | Punjab |

As the start-up spectrum has been allocated only in 2 out of 22 districts of J&K service area to M/s. S Tel Pvt. Limited, company has filed petition in Hon'ble Telecom Disputes Settlement & Tribunal (TDSAT) against the demand notice issued by DoT for imposition of Liquidated Damages (LD) due to non fulfilment of roll out obligations as per licence conditions. The matter is sub-judice.

As per information received from the companies mentioned at serial number 2 to 6, Spice Communications Ltd. holding the UAS licenses has amalgamated with M/s. Idea Cellular Ltd. as per the orders of the Hon'ble High court(s). The matter is sub-judice.

(c) Government has imposed Liquidated Damages (LD) for non fulfilment of 1st year roll out obligations within stipulated time period by the UAS licensees to whom UAS licences were granted from the year 2006 to 2008. Many licensees have filed petitions in the Hon'ble TDSAT, challenging the imposition of LD by DoT on various grounds. The matter is sub-judice. In addition to LD, 15 Show Cause notices for termination of UAS licenses have also been issued to as many licensees for violation of the rollout obligations.

(d) & (e) The Government came to a prima facie conclusion that TRAI recommendations need modifications since meeting the roll-out obligations is not linked with the number of subscribers in the network or the number of BTSs deployed, as the number of BTSs may vary according to the area to be covered in a selected District Head Quarter (DHQ)/town. The reference was sent back to TRAI for its reconsideration as per TRAI act to reconcile the differences.

After reconsideration, TRAI vide its letter dated 14th July 2011 has recommended for cancellation of 53 licences. As per TRAI, the licensees are not only required to register themselves with the TEC/TERM cells for meeting the coverage criterion but are also required to commission the Service, which means complete installation of all necessary equipment and offer of service to the subscribers so as to meet the stipulated performance roll out obligation. TRAI has also recommended to seek legal opinion once again on the issue of cancellation of another 30 UAS licences.

(f) Unified Access Service (UAS) License are issued as per extant policy of the Government.