

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

UNSTARRED QUESTION NO:4066

ANSWERED ON:19.02.2014

ADJUSTED GROSS REVENUE

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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 released a consultation paper on the Definition of Adjusted Gross Revenue (AGR) in licence agreements for provision of telecom and internet services and minimum presumptive AGR;

(b) if so, the details in this regard;

(c) the details of the definition of AGR in the ISP licence agreements for provision of internet services;

(d) the comments of various stakeholders on the consultation paper; and

(e) the reaction of the Government thereon?

Answer

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

(a) & (b) Yes Madam. Based on a reference made by the Department of Telecom, the Telecom Regulatory Authority of India (TRAI) released a Consultation paper in December, 2012 on the 'Definition of Adjusted Gross Revenue (AGR) in the Licence Agreements for provision of Internet Services and minimum presumptive AGR`

(c) There is no definition of "Adjusted Gross Revenue(AGR)" in ISP licences (without Internet Telephony) issued under 1998 guidelines. Following definition of "AGR" is applicable for ISP licences with Internet Telephony issued under 2002 guidelines:

"Definition of Adjusted Gross Revenue"

(i) Gross Revenue: The Gross Revenue shall be inclusive of Internet Access Service, Internet Content Service, Internet Telephony Service, installation charges, Late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, valued added services, supplementary services, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set -off for related item of expense etc.

(ii) for the purpose of arriving at the "Adjusted Gross Revenue(AGR)", the following shall be excluded from the Gross Revenue:

Charges from Internet Access, Internet content and Internet access related installation charges;

Service Tax on provision of service and sales tax actually paid to the Government if Gross Revenue had included as component of Sales Tax and Service Tax.

(iii) AGR under ISP licence issued under 2007 guidelines is as follows:

Grosse Revenue: The Gross Revenue shall be inclusive of revenue from Internet access service, revenue from internet content, revenue from Internet Telephony Service, Revenue from activation charges, revenue from sale, lease or renting of bandwidth, links, R&G cases, Turnkey projects etc. revenue from IPTV service, late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, Interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any se-off for related item of expense etc.

For the purpose of arriving at the "Adjusted Gross Revenue(AGR)" the following shall be excluded from the Gross Revenue:

Charges from pure internet service, activation charges from pure internet subscribers. Pure internet Services shall mean any method/device/technology to provide access to Internet unless explicitly prohibited and all content available including web-hosting, web-colocation which is available on internet without access restriction.

Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.

Roaming Revenue actually passed on to other eligible/entitled Telecom Service Provider".

(d) & (e) The TRAI has put the Comments of various stakeholders on its website. Since no recommendation has been given to the department by TRAI on the reference, question of response of the Government does not arise in the matter. Response of the TRAI has also been sought in the matter and will be submitted on receipt.