

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:1737

ANSWERED ON:27.07.2016

Incentives to Telecom Industry

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Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether setting up infrastructure is a costly affair and Telecom Service Providers are under financial constraint/burden;
- (b) if so, the details thereof and the steps taken by the Government to reduce the financial burden;
- (c) whether the Government proposes to set up a single point for clearances and licences which require multiple submissions for various agencies and to provide subsidies for importing of equipment needed for improving broadband infrastructure and also provide subsidized electricity;
- (d) if so, the details thereof; and
- (e) the steps taken or proposed to be taken by the Government to bring down tariffs for the end user?

Answer

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

(a) & (b) Telecom services sector is a highly capital intensive sector. As reported by Cellular Operator Association of India (COAI) on 25th July 2016, telecom service providers have a total debt of more than Rs. 3,80,000 crores. In the liberalized economic environment, investment decisions are taken by entrepreneurs on the basis of techno-commercial considerations like cost of raising fund, return on investment etc.

(c) & (d) The requisite licenses for establishing active infrastructure are granted by the Department of Telecommunications. Further, setting up of passive telecom infrastructure only requires registration with the Department. The Government neither proposes to provide any subsidy for electricity nor for import of telecom equipment required for improving broadband infrastructure.

(e) As per the present tariff framework, the tariff for telecommunication access service in the country is under forbearance except for National Roaming and Rural Fixed Line Services. The telecom service providers have the flexibility to decide various tariff components for different service areas of their operation. Due to intense competition prevailing in the country, the tariff for telecommunication services, particularly for the mobile telephony services has shown continuous downward trend. Tariffs in India for access services are considered to be one amongst the lowest in the world. In those service segments where competition is considered to be low, Telecom Regulatory Authority of India (TRAI) has specified ceiling tariff and such tariffs are reviewed as and when considered necessary. Currently for National Roaming Service and Leased Circuits tariffs has been specified by TRAI. In April 2015, TRAI has brought down the ceiling tariff for national roaming service.
