

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

**LOK SABHA
UNSTARRED QUESTION NO. 3045
TO BE ANSWERED ON 14th MARCH, 2018**

STRESS IN TELECOM SECTOR

3045. SHRI ANANDRAO ADSUL:
SHRI ADHALRAO PATIL SHIVAJIRAO:
DR. SHRIKANT EKNATH SHINDE:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the telecom sector of the country is reportedly going through stress due to a huge debt pile, tariff war and irrational spectrum costs and if so, the details thereof and the reasons therefor;
- (b) whether there is a need to call for policy measures to minimize over-bidding of assets during auctions and if so, the details thereof;
- (c) whether the Government proposes to frame a new National Telecom Policy (NTP) to make the telecom sector primarily as an enabler to boost the economy rather than a revenue earner and if so, the details thereof and the time by when the said policy is likely to be implemented;
- (d) whether the NTP will lay a growth road map of the Indian telecom sector for a period of next five years; and
- (e) if so, the details and the salient features thereof and if not, the reasons therefor?

ANSWER

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

- (a) Telecom Industry, Associations and State Bank of India have apprised the Government about the financial stress in the Telecom Sector.

Committee of Secretaries (CoS) had discussed the issue relating to stress in balance sheet in select sectors in its meeting held on 29th March 2017. Consequently, an Inter-Ministerial Group (IMG) was constituted on 16/05/2017 with following terms of reference:

- To examine systemic issues affecting viability and repayment capacity in telecom sector and furnish recommendations for resolution of stressed assets,
- Policy reforms and strategic interventions for Telecom sector.

Contd....2/-

The IMG held several meetings and also held consultations with all the major TSPs and the Banks. Based on these and other sectoral data IMG analyzed the nature and extent of financial stress in the telecom sector and made a set of recommendations.

The IMG noted that the financial stress for some has been caused because of low operating cash flows over a number of years, inadequate equity infusion and debt which does not appear sustainable. The sector is in the midst of consolidation. The competitive context of the industry has led to accumulation of debt, a decline in EBIDTA and requirement of periodic infusion of additional equity. In view of this, the primary solutions to the current problems in the sector will come internally from the TSPs and they remain liable to service the debt taken by them. Any proposed government intervention needs to be carefully calibrated to ensure that the short term pain points are somewhat eased, giving the sector time to rework its investment and business strategy.

(b) Spectrum Auctions are a way of price discovery of the Spectrum in different bands and in different Licensed Service Areas (LSAs). The bidders make bids as per their financial capacity and requirement.

(c) to (e) The Department of Telecommunications has already initiated the process to formulate new National Telecom Policy in view of rapid technological advancements in the sector. The work on formulation of National Telecom Policy-2018 is in advanced stage and is likely to be completed soon. The broad roadmap and guiding principles of the National Telecom Policy-2018 have been approved by the Telecom Commission in the meeting held on 29.9.2017. The guiding principles inter-alia includes

- i) Digital India Vision with focus on the role of telecom as a fundamental enabler of economic growth, with the objective of enhancing overall social and economic benefits.
- ii) Ensure financial stability and sustainable growth of the sector.
