

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

UNSTARRED QUESTION NO:2345
ANSWERED ON:17.12.2003
INTEGRATED LICENSING SYSTEM
LAXMINARAYAN PANDEY

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

- (a) whether there is monopoly of two or three big companies after implementation of Integrated Licensing System in the field of Tele-communication services;
- (b) if so, whether the Government has proposed or likely to propose to enhance foreign disinvestments from 49 percent to 74 percent;
- (c) if so, the reasons therefor; and
- (d) the steps being taken to ensure healthy competition in the field of Tele-communication?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI , PRADHAN)

(a) No, Sir. At present, integrated licensing system in the telecom service sector has been implemented in the form of Unified Access Services Licence (UASL) permitting licensee to provide basic and/or Cellular services using any technology in a defined service area. The existing operators of Basic as well as Cellular services are also permitted to migrate to the UASL at their option. Subsequently, on receipt of further detailed recommendations of Telecom Regulatory Authority of India (TRAI), expected in about 6 months time, for Unified Licence for all telecom services, Government will take a further decision for implementing a regime of Unified Licence for all telecom services. With this arrangement, it is expected that there will be three or more operators in most of the service areas for providing Basic as well as Cellular services. Further, it is observed that world over presence of three to five operators for a telecom service provides a healthy competitive environment.

In case the number of operators is too large, it results in unhealthy cut-throat competition resulting in collapse of service providers. Therefore, the Unified Licensing Regime will not only ensure healthy competition in telecom services for the ultimate benefit to the consumers, it will also ensure rapid expansion of teledensity allowing operators to provide different services under the same licence by availing benefit of rapid advances that are taking place in the telecom technologies.

(b) The Government has received requests for increase in Foreign Direct Investment (FDI) limits from 49% to 74 % and also to allow investment by Foreign Institutional Investors (FIIs) outside the sectoral cap from time to time. However, final decision has not been taken as yet by the Government in this regard.

(c) Does not arise in view of (a) & (b) above.

(d) As in (a) above.