

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

STARRED QUESTION NO:230  
ANSWERED ON:17.12.2003  
GROUP OF MINISTERS ON TELECOM MATTERS  
VIRENDRA KUMAR

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

- (a) the salient features of the recommendations/observations submitted recently by the Group of Ministers on Telecom matters; and
- (b) the action proposed to be taken thereon?

**Answer**

THE MINISTER OF COMMUNICATIONS & INFORMATION TECHNOLOGY AND DISINVESTMENT (ARUN SHOURIE)

(a) & (b) A statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) & (b) OF LOK SABHA QUESTION NO. 230 FOR 17TH DECEMBER, 2003 REGARDING GROUP OF MINISTERS ON TELECOM MATTERS.

(a) Salient features of the recommendations/observations of the Group of Ministers (GoM) on Telecom Matters, which was constituted with the approval of the Prime Minister on 10th September 2003, with reference to each of the Terms of Reference are given below:-

(1). Release of adequate spectrum needed for the growth of telecom sector:

(i) Adequate spectrum be made available for the unimpeded growth of telecom services.

(ii) The Ministry of Finance will provide necessary budgetary support to Ministry of Defence for modernization of their existing equipment to facilitate release of required spectrum.

(iii) The Department of Telecom and Ministry of Finance would discuss and finalise spectrum pricing formula, which will include incentives for efficient use of spectrum as well as disincentive for sub-optimal usages.

(iv) The allotment of additional spectrum be transparent, fair and equitable, avoiding monopolistic situation regarding spectrum allotment/usage.

(v) The long term (5/10 years) spectrum requirements along with time frames would also be worked out by the Department of Telecom (DOT).

(2). Measures for ensuring adequate resources for the realization of the New Telecom Policy-99 (NTP-99) targets of Rural Telephony:

(i) To enable Bharat Sanchar Nigam Limited (BSNL) to expand its rural telecom network, the existing reliefs and concessions will be extended to BSNL on a year to year basis, after reviewing the budgetary position before the commencement of each financial year.

(ii) Matter relating to DOT's proposal for carrying out the amendment of the Indian Telegraph Act through Ordinance for the purpose of setting up of Universal Service Obligation (USO) Fund may be placed before the Cabinet.

(iii) Strengthening of USO Fund be further worked out by coordinating with the Ministry/Organisation concerned based on models, which will involve leveraging USO Fund for achieving higher levels of progress in rural telephony.

(iv) DOT should prioritise/work out guidelines for the use of the USO Fund for making appropriate provisions for expenditure on satellite based Village Public Telephones (VPTs).

(3). Enactment of the Convergence Bill:

Keeping in view the observations of the Standing Committee and the views expressed during the inter-ministerial consultations, it was decided to seek directions of the Cabinet in the matter.

(4). To Chart the course to a Universal Licence:

(i) The scope of NTP-99 may be enhanced to provide for licensing of Unified Access Service for basic and cellular license services and Unified Licensing comprising all telecom services.

(ii) The recommendations of Telecom Regulatory Authority of India (TRAI) with regard to implementation of the Unified Access Licensing Regime for basic and cellular services may be accepted.

(iii) The recommendations of TRAI in regard to the course of action to be adopted subsequently in regard to the implementation of the fully Unified License/Authorisation Regime may be approved.

(iv) The recommendations of TRAI in regard to additional entry fee payable by basic service operators for providing Wireless in Local Loop (Mobile) [WLL(M)] service may be accepted.

(v) Finance Ministry would address the difficulties of the cellular operators, if any, separately and appropriately.

(vi) If new services are introduced as a result of technological advancements, which require additional spectrum over and above the spectrum already allotted/contracted, allocation of such spectrum will be considered on payment of additional fee or charges; these will be determined as per guidelines to be evolved in consultation with TRAI.

(5). Enforcing limited mobility within the Short Distance Charging Area (SDCA) for WLL(M) services of basic operators:

Steps should be taken to ensure the enforcement of the Telecom Dispute Settlement and Appellate Tribunal (TDSAT) judgement in regard to restricting mobility within the SDCA.

(6). Appraise Foreign Direct Investment (FDI) limits in the telecom sector and give recommendations thereon:

The matter be placed before the Cabinet for taking a final view in the matter.

(7). Mergers and acquisitions in the telecom sector:

Intra-Circle mergers and acquisitions as well as transfer of licences may be allowed subject to there being not less than three operators in a Service Area to ensure healthy competition. The guidelines relating to Spectrum allocation would be applicable for the merged entity.

(8). Imposition of trade tax on telecom services:

The matter being sub-judice, the decision of the Hon'ble Supreme Court may be awaited.

(b) The recommendations of the GoM were approved by the Cabinet in respect of six issues covered under paras (1), (2), (4), (5), (7) and (8) above. The Cabinet directed re-examination of the issues relating to Communication Convergence Bill and FDI in Telecom Sector. The salient points of action taken thereafter, are given below:-

(i) A Task Force was constituted to address spectrum related issues. The Defence Services have agreed to immediately coordinate and release additional spectrum of 5 to 10 Mega Hertz (MHz) in 1800 MHz frequency band, for most of the cities.

(ii) Ordinance to set up the Universal Service Obligation Fund has been promulgated on 5.11.2003.

(iii) In the matter of Unified Licence Regime, an Addendum to NTP-99 was issued on 11.11.2003 to enhance the scope of NTP-99 to provide for licensing of Unified Access (Basic and Cellular) Services under one License and Unified Licensing comprising all Telecom Services. Guidelines for Unified Access (Basic and Cellular) Services Licence were also issued on 11.11.2003. Subsequently, most of the Basic Service Operators who applied for migration were permitted to migrate to Unified Access Services Licence (UASL). An amount of Rs.2168 crores was collected from these operators. In addition, some operators applied for new UASL. Till date, 19 applications for new UASL have been received and 12 Letters of Intent have been issued.

(iv) Notices were issued to M/s. Reliance Infocom and M/s. Reliance Telecom on 3.11.2003 directing the companies to discontinue the features of their service, which blur distinction between Limited Mobility permitted to the companies and the full mobility permitted to the Cellular Operators. The companies were given 30 days time for compliance. However, in the meanwhile, the companies applied for migration to UASL and were permitted migration in terms of the guidelines issued on 11.11.2003. The amount collected from these companies for migration to UASL is included in the total amount mentioned in para (iii) above.