

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

UNSTARRED QUESTION NO:3147

ANSWERED ON:14.12.2005

EXTENDING SUBSIDY TO PRIVATE TELECOM COMPANIES

Khan Shri Mohammad Tahir;Kushwaha Shri Narendra Kumar;Shiwankar Shri Maha Deo Rao

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

- (a) whether Telecommunication companies have sought subsidy in the form of exemption from paying TDS on interconnection for providing telephone services in rural areas as reported in the Hindi daily Dainik Jagran dated November 20, 2005;
- (b) if so, the reaction of the Government thereto;
- (c) whether private cellular companies are facing scarcity of resources for their network expansion;
- (d) if so, the facts thereof;
- (e) whether the Government is contemplating to extend subsidy to private companies in order to achieve the target of providing telephone facilities in rural areas;
- (f) if so, the details thereof;
- (g) the extent to which the target of providing telephone facility in rural areas is likely to be achieved by providing subsidy to the private sector; and
- (h) the steps being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) & (b) Yes, Sir. Cellular Operators Association of India has submitted a proposal as a part of budget recommendations, for exemption of paying TDS on interconnection charges. Such proposals are considered depending upon their merit as a part of budget formulation exercise.

(c) & (d) As per the terms and conditions of the licence, private cellular companies have to provide service in 50% of District Headquarters/towns within three years of the effective date of the licence. Network expansion of such networks depends upon their business plans.

(e) Yes, Sir.

(f) Financial support from the Universal Service Obligation Fund is provided to Basic Service Licensee, Cellular Mobile Service Licensee and Unified Access Service Licensee or any other entity as may be specified in this behalf by the Government from time to time. Such financial support is provided to meet the net cost of providing the specified Universal Service Obligations as per procedure.

(g) & (h) The activities supported by Universal Service Obligation Fund includes support for maintenance of 5,02,523 village public telephones, replacement of VPTs which were earlier working on Multi Access Radio Relay Technology and installed before 1.4.2002, to provide VPTs in 66,822 uncovered villages excluding those villages having population less than 100 and affected with insurgencies, for provisioning of individual rural household, direct exchange lines in eligible 1685 Short Distance Charging Areas and support for 46,253 rural community phones.