

Telecom Sector awaits a boost

Rationalization of taxes remains the key expectation of the telecom sector from the budget; the industry believes removal of levies will fast track the growth of the sector



Finance Minister Arun Jaitley

As Finance Minister Arun Jaitley prepares to present his maiden Budget under the flagship of the new government on July 10, the telecom industry looks up to him with hope.

The Indian telecom industry is the second-largest globally with a teledensity of 73.3% and is growing at a CAGR of 20%, with mobile subscriber base already crossing 900 mn mark, second only to China. More importantly, telecommunications coupled with information technology has been the driver of economic and social growth of the country across sectors.

But the scam-hit sector today is reeling under multiple levies, with current penalties standing to the tune of Rs 6,500 crore, along with huge debt, and and high cost of spectrum.

The repercussion exit decisions by some telecom operators from India or in other words, we can say gradually investors are losing confidence in the India market.

The industry today is subject to service tax, license fees including Universal Service Obligation (USO) levy, spectrum charges, besides, state-level additional taxes such as Octroi, VAT, stamp duty, entry tax and there are other levies on towers as well as right-of-way (RoW) and other municipal charges. And to add on to all these, retrospective tax still remains a burden.

The industry believes that unless a uniform tax structure comes into place it would be very difficult to fast track the growth of the sector.

“The telecom sector is burdened with a license fee of 8%, spectrum usage charges of 3-10%, service tax of 12.36% in addition to other corporate and municipal taxes. Multiple levies continue to impact the growth of mobile services by increasing its cost,” says [CDMA telecom service provider MTS CEO Dmitry Shukov](#).

He adds: “It is suggested that an industry-friendly single taxation structure in telecom be implemented so that the industry, providing millions of employment opportunities, is able to sustain and continue its contribution to the socio economic growth of the country. The multifarious taxes, charges and fees applicable to the industry should be unified and rationalized.”

According to Aircel, [a liberal tax policy is required](#). Duplicity of taxes, state levies over and above the central levies should be simplified.

The USO Fund remains a pain area for telecom, as every operator needs to share 5% of its revenue towards it. The fund was created to provide telecom connectivity in rural and remote areas and currently a license fee of 8% includes 5% levy towards Universal Service Obligation Fund (USOF).

- See more at: <http://www.voicendata.com/voice-data/news/217151/telecom-sector-awaits-boost#sthash.ck86FSe9.dpuf>

@ @ @ @ @

Government to Spend Rs. 3,567 Crores on Telecom Network in Naxal-Hit Areas –BSNL install 8,784 BTS

Press Trust of India, July 09, 2014



The government has approved a proposal to install telecom towers in 10 states in the country facing Left Wing Extremism at a cost of Rs. 3,567.18 crore, Parliament was informed on Monday.

Minister of Communications and IT Ravi Shankar Prasad in a written reply to Lok Sabha said Cabinet approved a proposal to install mobile towers at 2,199 locations identified by Ministry of Home Affairs (MHA) in the 10 states.

The states identified are Andhra Pradesh, Bihar, Madhya Pradesh, Chhattisgarh, Jharkhand, Maharashtra, Odisha, Telangana, Uttar Pradesh and West Bengal, which are affected by Left Wing Extremism (LWE), he added.

"BSNL has been nominated to execute the work. The revised project cost of Rs. 3,567.58 crore has been recommended for approval by the Telecom Commission in its meeting on June 13, 2014," Prasad said.

The Telecom Commission has in the same meeting also approved a proposal to implement comprehensive telecom development plan for North Eastern region at an estimated project cost of Rs. 5,336.18 crore, he added.

"[BSNL](#) is expanding its network through installation of 8,784 base transceivers stations (BTSs) for 2G and 3G services in rural parts as part of its Phase-VII expansion plan at a cost of Rs. 1,704 crore," the Minister said.

These plans are being implemented by the government with financial support from the Universal Service obligation Fund (USOF), he said.

During June 2007 to November 2013, 7,317 mobile towers have been installed with the financial support of USOF under the Share Mobile infrastructure.

Replying to a separate question, the Minister said USOF has released a grant of Rs. 919 crore for National Optic Fibre Network (NOFN) project to date and the executing agency Bharat Broadband Network Ltd (BBNL) has utilised Rs. 463 crore so far on the project.

BBNL, which is a special purpose vehicle (SPV), has three partners - BSNL, Railtel and Power grid Corporation of India (PGCIL).

"The target for the completion of the project is March 2017 for connecting over 2.3 lakh gram panchayats with broadband services. Of which 50,000 gram pachayats will be connected by March 2015, one lakh by March 2016 and the balance by March 2017," Prasad said.

@@@@@@@@@@@@

DoT to seek legal opinion for issuing a show cause notice to Airtel for hiding caller identity in Madhya Pradesh

TT Correspondent | | 09 Jul 2014



According to draft show cause notice, prepared by DoT for legal vetting, Airtel camouflaged caller identities for making promotional calls to non-Airtel mobile customers. DoT is likely to seek legal opinion for issuing a show cause notice to Airtel on charges of hiding caller identity in Madhya Pradesh service area in January, 2011 posing a security threat, Reports PTI.

Earlier in October, 2011, the DoT had imposed Rs 50 crore fine on Airtel. Later in 2012, telecom tribunal TDSAT quashed the penalty saying that Airtel was not issued any show cause notice and hence the order did not comply with principles of natural justice.

According to sources, there has been a delay in issuing notice to Bharti Airtel BSE 0.12 % in the matter. The wing assigned this task has sought legal opinion on whether it is feasible to issue the notice at this juncture.

Airtel did not offer any comment on DoT charges The mobile operator had earlier said that error was made by third party, a call centre. The DoT, however, has said the call centre is not a third

party and it serves to Airtel.

@@@@@@@@@@@@@@@@

DoT issues show-cause notice to Idea Cellular for violating CMTS licence condition by renting out 3,640 postpaid SIM to Limco Sales Corporation (LSC) in Delhi

TT Correspondent | | 02 Jul 2014



rental use to LSC in 2004

"Idea Cellular has been issued show cause notice for violating CMTS licence condition by renting out SIM to third party Limco Sales Corporation (LSC) in Delhi and passing on various rights to them which is not permitted," an official source said, Reports PTI.

The DoT has alleged that Idea passed various important rights to LSC without having regular checks. These checks were essential for Idea to ensure that there was no threat to national security.

The DoT has said Idea issued 3,640 postpaid connections for which was in violation of licence conditions.

Further, Idea was not generating bills to end-customers but the tariff was devised by Limco. This was in violation of telecom licence rules.

As per rules, telecom operators are required to carry out a thorough enquiry of subscribers to whom they are selling SIMs. However, the DoT found that verification of actual customers was never carried out by Idea, violating rules.

The show cause notice was issued to the company on June 19 asking it to send a reply within two weeks of receiving it.

Idea did not respond to queries seeking a comment on the matter.

@@@@@@@@@@@@@@@@

Mobile Virtual Network Operators may soon Get Green Signal in India

July 10, 2014

MVNO or Mobile Virtual Network Operators can be a reality in India in near future as Department of Telecom asks TRAI to submit their views on virtual operators as these are also a part of upcoming [spectrum sharing policy](#).



DoT wants to allow entry to virtual network operators, a new category of players who will take bulk infrastructure capacity from existing telecom companies and then resell it reports [The Hindu Businessline](#).

Entry of MVNO can dramatically change India's mobile landscape – better utilization of network assets, better penetration of mobile broadband in rural & urban areas, more affordable tariffs, specifically focused operators, more competition in market and consumers to enjoy more benefits.

[MVNO policy in India](#) was not in a proper shape and Tata Tele made two deals with [Virgin Mobile](#) and Future Group, but those services were actually under brand sharing agreements. Talk24, the venture between Future Group and Tata Tele is mere like a loyalty program of Future Group to cater its larger retail customer base.

The entry of MVNOs in India will be especially useful for low-cost roaming mobile services.

@@@@@@@@@@

Economic Survey: ONGC highest profit-making PSU, BSNL worst performer



Last Updated: Wednesday, July 09, 2014, 19:43

New Delhi: Oil explorer ONGC again emerged as the highest profit-making PSU of the country during 2012-13 while telecom major BSNL turned out to be the biggest loss-making enterprise, says the Economic Survey.

The Survey, presented a day ahead of the General Budget, said the net profit of 149 profit-making CPSEs stood at Rs 1,43,559 crore in 2012-13 while the net loss of 79 loss-making CPSEs stood at Rs 28,260 crore.

Oil and Natural Gas Corporation Ltd (ONGC), National Thermal Power Corporation Ltd (NTPC), Fertiliser Corporation of India Ltd, Coal India Ltd and Bharat Heavy Electricals Ltd (BHEL) were the top five profit-making CPSEs during 2012-13.

Meanwhile, Bharat Sanchar Nigam Ltd (BSNL), Mahanagar Telephone Nigam Ltd (MTNL), Air India Ltd, Chennai Petroleum Corporation Ltd, Hindustan Photo Films Manufacturing Co Ltd, were among the top five loss-making CPSEs during 2012-13.

"There was a marginal increase in the total contribution of central public sector enterprises (CPSEs) to the central exchequer by way of dividend payment, interest on government loans and payment of taxes and duties during the year, from Rs 1,62,402 crore in 2011-12 to Rs 1,62,761 crore in 2012-13," the survey pointed out.

"This was primarily owing to increase in contribution towards service tax and sales duty. There was, however, a decline in customs duty and excise duty," it said.

There were altogether 277 CPSEs under the administrative control of various Ministries/Departments as on March 31, 2013. Out of these, 229 were operational and 48 under construction.

@@@@@@@@@@@@

Economic Survey 2013-14: Investments in telecom surged 4 times to \$1.3 bn



Last Updated: Wednesday, July 09, 2014, 15:28

New Delhi: The telecom sector attracted over 4-fold growth in foreign investments at USD 1.3 billion during the financial year 2013-14.

The sector had attracted investment worth USD 304 million in 2012-13 - about 84 percent lower compared to 2011-12, the Economic Survey tabled in Parliament said Wednesday.

India's telecom sector has registered phenomenal growth during the past few years and has become the second largest telephone network in the world, next only to China, it added. Under this scheme BSNL is to provide 8,88,832 wireline broadband connections to individual users and government institutions, and set up 28,672 kiosks over six years ending 2015 at estimated subsidy of Rs 1,500 crore.

The survey said: "As on March 31, 2014, a total of 5,89,783 broadband connections had been provided and 14,186 kiosks set up in rural and remote areas.

"The subsidy disbursed till March 31, 2014 under the scheme was Rs 329.55 crore."

"A series of reform measures by the government, innovations in wireless technology and active participation by the private sector played an important role in the growth of the telecom sector in the country," the survey said.

The total telephone connections in the country increased to 933.02 million at the end of March 31, 2014 from 898.02 million a year ago. However, the total connections at the end of March 2012 were 951.35 million.

Foreign Direct Investment in telecom and computer sectors outshone other top key sectors such as financial/non-financial services, construction, hotels and tourism. The top 5 sectors cumulatively accounted for 45 percent of total investments in the country last fiscal.

Overall, however, cumulative FDI inflows in these top 5 services sectors declined sharply by 37.6 percent to USD 6.4 billion. FDI in computer software and hardware sector grew about 2.3 times to USD 1.12 billion in 2013-14, from USD 486 million in 2012-13.

"We are extremely pleased with increase in FDI. The clarity on policy and regulatory front and the expectation of new government clearly enhanced attractiveness of India as investment destination," telecom industry body COAI's Director General Rajan S Mathews said reacting on the survey data.

During 2013-14, government also obtained Rs 61,162 crore from auction of spectrum. The final price were 27.6 percent more than the minimum price of telecom radiowaves fixed by government at that time.

The government last fiscal had introduced new telecom licencing regime, Unified Licences, under which companies interested in providing mobile or any wireless services are required to buy spectrum separately.

To enhance fixed line broadband connection in rural areas, the government entrusted state-run BSNL to provide broadband connection with minimum speed of 512 kbps in rural and remote areas under the Rural Wireline Broadband Scheme.

Under this scheme BSNL is to provide 8,88,832 wireline broadband connections to individual users and government institutions, and set up 28,672 kiosks over six years ending 2015 at estimated subsidy of Rs 1,500 crore.

The survey said: "As on March 31, 2014, a total of 5,89,783 broadband connections had been provided and 14,186 kiosks set up in rural and remote areas.

@@@@@@@@@@@@@@@@

Government to provide Rs 5 billion financial aid for ITI revival

Wednesday, 09 July 2014

In a bid to revive the financial health of the Indian equipment manufacturer ITI Limited, the government is planning to infuse Rs 5 billion in the PSU. The capital infusion is in line with the revival proposal approved by the Cabinet for ITI.

In February 2014, the Cabinet Committee on Economic Affairs (CCEA) had approved a revival plan of ITI based on recommendations of Board for Reconstruction of Public Sector Enterprise (BRPSE). The government had approved Rs 41.56 billion plan for revival of ITI's revival, which is expected to be implemented over the next 18 months. The plan involves upgradation of its manufacturing infrastructure to help ITI produce new technology products in telecom domain and increase its market share.

Of Rs 41.56 billion package, Rs 22.64 billion is to be provided in the form of equity for project implementation (CAPEX) for up-grading manufacturing infrastructure at various units and for new projects. The remaining Rs 18.92 billion is to be provided as financial assistance in the form of grant-in-aid for statutory liabilities and other commitments made by ITI such as redemption of preferential share capital of Bharat Sanchar Nigam Limited/Mahanagar Telephone Nigam Limited, arrears due to 1997 pay revision and VRS.

Established in 1948 and later converted as the first PSU of the country to assist the government in telecommunications, ITI offers a complete range of telecom products and solutions covering switching, transmission, access and subscriber premises equipment.

The company, in which the government holds the majority equity stake, was referred to the Board for Industrial and Financial Reconstruction (BIFR) in 2004-05 and declared a sick company.

@@@@@@@@@@@@@@@@