

IMG Report on Telcos' Financial Health Likely in 20 Days: Sinha

Telecom minister says govt will take corrective steps based on the report

Our Bureau

Kolkata: The inter-ministerial panel looking into the financial health of stressed telcos will submit its report in 20 days, based on which, the government will take corrective steps, Telecom Minister Manoj Sinha said on Wednesday.

"The telecom industry is under financial stress and action will be taken based on the report of the inter-ministerial group," Sinha told Lok Sabha during question hour.

Back in June, the government's inter-ministerial panel on financial health of the telecom industry had met all telecom companies in batches in the run-up to submitting its recommendations to the Centre.

Sinha said the panel has been mandated to examine systemic issues affecting the viability and repayment capacity of the telecom industry, and suggest remedies.

The panel, he said, would also look into policy reforms and strategic interventions for the telecom sector.

A one-time poster child of India's economic progress, the telecoms industry with some ₹5 lakh-crore of



Telecom Minister Manoj Sinha

debt has been in dire straits, battling a brutal price war and grappling with unsustainable levels of financial stress. Even the Reserve Bank of India (RBI) had warned that banks ought to keep a close watch on such sectoral loans amid erosion of telco profitability.

In this context, Sinha told Lok Sabha that the sector regulator had also suggested that the telecom department coax the finance ministry to reduce the applicable goods & services tax (GST) for telecom services from 18% to 5% by declaring the in-

dustry a core infrastructure sector.

The telecom regulator, he said, has also suggested that the Centre heed its suggestions of reducing telecom levies and also deferring payouts towards spectrum acquired in auctions to ease financial stress levels of telcos.

In a separate development, telecom secretary Aruna Sundararajan said the communications ministry is setting up working groups this week to give inputs on the new telecom policy.

These working groups, she said, would look at multiple aspects such as ease of doing business, new technologies, affordable internet and broadband for all.

"Initially, we had thought of 11 working groups, but we may compress the total number," Sundararajan said on the sidelines of an ASSOCHAM event on Wednesday.

The government is planning to bring out the draft new telecom policy by December.

According to the telecom secretary, India is trying to see how to step up growth from 7.6%. "Our aspiration is to grow at about 10%. So what are the set of policies needed for making that transition? That's the bigger question," she said.

'Centre may consider quashing telecom circles'

Telecom Secretary says govt will work towards 'one nation, one network, one licence' policy

OUR BUREAU

New Delhi, August 2

The government may soon consider the telecom industry's demand of doing away with telecom circles and will work towards the concept of one nation, one network and one licence.

To communicate this, Telecom Secretary Aruna Sundararajan on Wednesday met telecom operators, infrastructure providers and handset makers here.

Sources close to the development said Sundararajan has assured the industry that the government is committed to bring in changes that will enhance the ease of doing business in the country.

"There will have to be a significant amount of administrative reform in the Telecom Ministry so that we are able to actually move to some of the things like one na-

tion (one network and one license policy)," Sundararajan told reporters when asked on the sidelines of an Assocham event here.

However, she added that such things can't happen overnight, but can be put into policy. "What I am saying is that we will endeavour to put it into the policy. We will provide the necessary movement. Others can be the low-hanging fruit and they can be done straight away."

She said the government's approach in the national telecom policy (NTP) will 'facilitate and enable' the sector and that regulation should be such that it incentivises fresh investment. "It will be our (government's) endeavour to see how we can secure a viable rate of return for the industry," she said.

India is not just following but setting best practices in many areas in terms of NTP 2018, she said, adding that "this is something where India is actually ahead of the rest of the world."

She also said the NTP is going to be a key building block in achieving the vision to grow at about 10 per cent from current rate of about 7.6 per cent.

Working groups on new telecom policy this wk

PTI ■ NEW DELHI

IMG report on telcos' financial stress likely in 20 days: Sinha

The Communications Ministry will this week set up working groups to give inputs on new telecom policy, which will seek to fuel India's growth and raise the digital contribution to the overall economy, a senior official said on Wednesday.

Telecom Secretary Aruna Sundararajan said that following discussions with the industry and academia over broad contours of the new policy, recent working groups will now be set up to look at multiple aspects like ease of doing business and new technologies.

"The working groups will now start. The orders will be out this week. Initially, we had thought of 11 working groups but we may compress the number of such groups," Sundararajan said on the sidelines of a telecom conference organised by ASSOCHAM. She said the groups will work on aspects such as ease of doing business, affordable internet and broadband for all, new technologies and other areas for the new policy.

"Today, India is trying to see how to step up growth from 7.6 per cent. Our aspiration is to grow at about 10 per cent. So what are the set of policies needed for making that transition. That is the bigger question," she said at the event. Stating that the new policy will be a key building block in achieving

NEW DELHI: The Inter-Ministerial Group (IMG) examining the financial stress in the telecom sector is expected to submit its report in 20 days, union minister Manoj Sinha said on Wednesday. Acknowledging that the telecom sector is going through financial stress, he said action would be taken on the basis of the report.

During the Question Hour in the Lok Sabha, the communications minister said the IMG's report is expected in 20 days. He said the group was constituted to examine the systemic issues affecting viability and repayment capacity in telecom sector and furnish recommendations for resolutions of stressed assets at the earliest. The group would also look into the policy reforms and strategic interventions for the telecom sector. Amid intense competition, margins in the telecom sector have been squeezed and

India's vision, Sundararajan termed telecom the fundamental platform for digital growth of the country.

"So it is extremely important that we get the policy on this absolutely right," she added. Affordable and quality internet and broadband will be crucial to enable people to join economic, political and social main-

stream, she added.

Other aspects that will be looked at include ensuring investment inflows, viable rate of return for the industry, harnessing new technologies, encouraging innovation, domestic manufacturing, and cyber security. Sundararajan said Bharat Net project had already taken connectivity to one lakh



there are also fears of defaults on loans taken from banks. The group, in June, had held extensive dialogue with all telecom players as well as large banks to discuss the industry's financial difficulties and suggest measures to ease the situation.

In May, the Reserve Bank of India (RBI) had asked banks to review immediately their exposure to the telecom sector, which has a debt of ₹4.6 lakh crore, and make higher provisions to firewall their business against any future stress. To a query on whether the TRAI has urged the Government to favourably consider its recommendation related to reduction in levies and relaxation of payment period for auctioned spectrum to telecom players, Sinha replied in the affirmative. PTI

Telecom sector got FDI of over \$9.79 bn from 2014-15: Govt

NEW DELHI: The country received foreign direct investment (FDI) of over \$9.79 billion since 2014-15 in the telecom sector, Parliament was informed on Wednesday. As per the DIPP, FDI equity inflows in telecom sector between financial years 2014-15 and 2016-17 and April-May 2017 totalled \$9,790.40 million, Minister of State for Electronics and IT P. Chaudhary said in a written reply to the Lok Sabha.

The FDI inflow in 2014-15 was \$2,894.94 million, \$1,324.40 million (2015-16), \$5,565.69 million (2016-17) and \$7.36 million (April-May 2017), he added. The Minister said the government is taking initiatives to promote manufacturing in the telecommunication sector in the country. "Electronics and telecommunications manufacturing is one of the 25 focus sectors of the Make-in-India scheme, which seeks to transform India into a global design and manufacturing hub," he said. PTI

'No proposal to merge BSNL, MTNL'

NEW DELHI: There is no proposal to merge loss making public sector telecom operator MTNL with BSNL, Union Minister Manoj Sinha informed Parliament on Wednesday. "At present, there is no proposal for merger of BSNL and MTNL," Sinha said in the Lok Sabha on revival of both the PSUs. Though BSNL has seen improvement in its performance, MTNL's net loss for the year ended March 2017, widened to ₹2,963.05 crore from ₹1,945.86 crore at the end of previous fiscal.

The annual income of MTNL also declined by 3.6 per cent to ₹3,654.69 crore for 2016-17 from ₹3,793.89 crore at the end of 2015-16. Telecom Minister Manoj Sinha said based on the financial results of MTNL for the financial year 2016-17, the telecom operator has been classified as 'Incipient Sick CPSE' as per Department of Public Enterprise (DPE) Guidelines.

"As per the DPE guidelines, such as health monitors and smart transport are projected to result in 21 per cent increase in machine-to-machine services. "These advances will result in significant growth of mobile data, and telecom operators will have to look at innovative avenues to monetise on this data opportunity," Sinha said.

The Government is working

aggressively' to link 54,000 unconnected villages and will speed up efforts after getting report from all the states in this regard, he said. Noting the shift from voice to data-centric market, the minister said although voice still contributes a large chunk to operators' revenue, data realisations have shown an exponential growth.

Department of Telecommunications has to formulate revival/restructuring/closure road map for MTNL, the process of which has been initiated," Sinha said. He said the Government has taken various steps to make BSNL and MTNL viable in the background of stiff competition in the telecom sector.

These measures include refund of surrendered BWA (Broadband Wireless Access) spectrum in two service areas held by BSNL, MTNL was refunded ₹4,533.97 crore through bonds and ₹6,724.51 crore has been refunded to BSNL.

The Minister said the Govt overtook the pension liability of MTNL for its staff who got absorbed from DOT. Besides this, MTNL was provided with financial support of ₹492.26 crore on account of liability arising from Levy of Minimum Alternate Tax (MAT). PTI

Will consider one country, one network, one licence policy, ministry tells telcos

FE BUREAU
New Delhi, August 2

THE INDUSTRY'S DEMAND of a one nation, one network and one licence policy could become a reality soon as the telecom ministry has assured them that it will consider the suggestion and work on it.

Telecom secretary Aruna Sundararajan in her meeting with telecom operators, infrastructure providers and handset makers on the sidelines of an

event on Wednesday, also assured the industry that the government is committed to bring in changes that will enhance the ease of doing business.

During the meeting, a representative from the country's largest telecom operator, Bharti Airtel, said that India is ready for a one nation, one network and one licence policy. He added that it is time that bifurcations such as types of licences and geographical split around licensing, circles and service areas are done

away with and that technology should decide the architecture, rather than regulation deciding the architecture.

Responding to the queries raised during the two-hour session, Sundararajan said, "There will have to be a significant amount of rewriting and administrative reform in the telecom ministry, so that we are able to actually move to some of the things like one nation (one network and one licence policy)."

She, however added, "I am

not saying that all this will be done overnight, but what I am saying is that we will endeavour to put it into the policy (NTP), so that those things that need to be done in a calibrated manner, we will provide the necessary movement. Others can be the low-hanging fruit and they can be done straight away".

One of the objectives of the the National Telecom Policy (NTP), 2012 was to strive to create 'one nation-one licence' across services and service areas.

