

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA): (a) and (b) Telecom Regulatory Authority of India (TRAI) issued a consultation paper on 28.10.2010 on "Quality of Service requirements for delivery of basic financial services using mobile phones" seeking comments of all the stakeholders. Open House Discussion was also held at Mumbai on 23.03.2011. Based on the comments received and discussions, TRAI is exploring various aspects for issue of Regulations.

(c) Government had constituted an 'Inter-Ministerial Group' to finalise the framework for delivery of basic financial services using mobile phones. The Group submitted its report. As a follow up of the report, various stakeholders have been identified and roles have been assigned to them for implementation of mobile banking services. TRAI and Reserve Bank of India (RBI) have been entrusted with the job of regulatory oversight. A Committee constituted by Department of Telecommunications for the purpose of laying standards for the m-pin based Mobile Banking Point-of-Sales (PoS) Device gave its report on 30.11.2010. This report was forwarded to Department of Financial Service on 14.12.2010.

Shift from fixed fee to revenue sharing model

2059. SHRI Y.S. CHOWDARY: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the details of guidelines which have enabled telecom operators to migrate from commitments on licence fees to a revenue sharing model;

(b) whether the decision for adoption of the revenue sharing model for telecom operators was justifiable; and

(c) the details of revenue loss caused to Government exchequer by shifting from fixed fee to revenue sharing fee?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA): (a) and (b) Sir, the Migration Package to licensees of Cellular (Metros and Telecom Circles) and Basic Telecom Services for migration to New Telecom Policy-1999 regime was offered based on the decision of the Union Cabinet. The Licensees were required to accept all the conditions of migration package in its entirety and simultaneously to withdraw all legal proceedings against Department of Telecom (DoT) or Union of India (UoI). The migration package also provided that the licensee will forego the right of operating in the regime of

limited number of operators and would operate in a multipoly licensing regime. A copy of letter of migration package as offered to Cellular Mobile Telephone Service (CMTS) operators is given in the Statement-I (See below).

(c) Any loss of revenue would have to be seen in a complete context. However, the impact on Licence Fee collection due to migration offered vide NTP-99 in respect of CMTS as well as Basic Service Providers existing at that time is given in the statement-II.

Statement-I

Government of India

Ministry of Communications

Department of Telecommunications

(VAS Cell)

Sanchar Bhawan

20, Ashoka Road,
New Delhi-110 001

No.842-153/99-VAS (Vol.V) (PL) Dated 22nd July, 99

Without Prejudice

To:

1. All Cellular Operators
2. Cellular Operators Association of India, F-301, Gauri Sadan, 5, Haily Road, New Delhi-110 001

Subject: Proposed Package of Migration of existing licensees of Cellular (Metros and Telecom Circles) and Basic Telecom Services to New Telecom Policy-1999 regime.

Reference: Licence Agreements for Cellular Mobile Telephone Service.

In accordance with Government approval, the following Package is proposed for migration of the existing Cellular (Metros and Telecom Circles) and Basic Telecom Service Operators to NTP-99 regime:-

- i) The cut off date for change over to NTP-99 regime will be 1.8.1999.

- ii) The licensee will be required to pay one time Entry Fee and License Fee as a percentage share of gross revenue under the licence. The Entry Fee charge-able will be the licence fee dues payable by existing licenses upto 31.07.1999, calculated upto this date duly adjusted consequent upon notional extension of effective date as in para (ix) below, as per the Conditions of existing licence.
- (iii) The Licence fee as a percentage of gross revenue under the licence shall be payable w.e.f. 1.8.99. The Government will take a final decision about the quantum of the revenue share to be charged as licence fee after obtaining recommendations of the Telecom Regulatory Authority of India (TRAI). In the meanwhile, Government have decided to fix 15% of the gross revenue of the Licensee as provisional license fee. The gross revenue for this purpose would be the total revenue of the Licensee company excluding the PSTN related call charges paid to DOT/MTNL and service tax collected by the licensee on behalf of the Government from their subscribers. On receipt of TRAI's recommendation and Government's final decision, final adjustment of provisional dues will be effected depending upon the percentage of revenue share and the definition of revenue for this purpose as may be finally decided.
- (iv) A total of at least 35% of outstanding dues including interest payable as on 31.7.1999 and LD Charges in full will have to be paid on or before 15.8.1999. The amount paid, if any, against the earlier demand sent under letter dated 25.1.99 for paying 20% or more of the outstanding dues, may be adjusted at licensee's option. The balance dues will have to be paid on or before 31.1.2000 alongwith interest calculated upto the actual date of payment.
- (v) Even where the existing bank guarantees (EBG), have been encashed earlier, these will need to be kept alive/ recouped simultaneously with the acceptance of this package. The value of the financial bank guarantee(s) will have to be further enhanced within a period of four months i. e. by 30.11.1999 so as to cover the outstanding amounts due including further sums which may become due.
- (vi) If either of the cellular operator in a given service area does not accept the package, both the existing operators will continue in the existing licensing arrangement until the validity of the present licences.

- (vii) Consequent upon migration to the NTP-99, the licensees will forego the right of operating in the regime of limited number of operators as per the existing licence agreement and would operate in a multipoly licensing regime i.e additional licenses without any limit may be issued in a given Service Area.
 - (viii) There shall be a lock-in of the present share-holding for a period of five years counted from the date of licence agreement (effective date). Transfer of share holding directly or indirectly through subsidiary or holding companies shall not be permitted during this period. However, issue of additional equity share capital by the licensee companies/their holding companies by way of private placement/public issues shall be permitted. Further, the lock-in provisions shall not be applicable in case the shares are transferred pursuant to enforcement of pledge by the lending financial institutions/banks due to events of defaults committed by the borrowers with the condition that such shares should have been pledged for investment only in the particular licensed project.
 - (ix) For the purpose of calculation of outstanding licence fee upto 31.7.1999. the effective date of all the licenses of Cellular Telecom Circles and Basic Telephone Services will be notionally extended by a period of six months. This does not apply to metro cellular licences. This is with the further condition that where extension of effective date has been given earlier due to whatever circumstances, further extension will be given after deducting the period of extension already given subject to the total extension period not exceeding six months. In cases where extension of period of more than six months has already been given, there will be no further change.
 - (x) The liquidated damages as per the existing licence agreement shall be paid latest by 15-8-99.
 - (xi) The period of licence shall be 20 years starting from the effective date of the existing licence agreement.
2. Migration to the NTP-99 on the condition mentioned above will be permitted on the premise that the aforesaid conditions are accepted as a package in its entirety and simultaneously all legal proceedings in Courts, Tribunals, Authority or in Arbitration instituted by the licensee and Associations of Cellular and Basic Service Operators (COAI & ABTO) against DoT or UOI

shall be withdrawn. Further any dispute with regard to the license agreement for the period upto 31.7.1999 shall not be raised at any future date. The acceptance of this package will be deemed as a full and final settlement of all existing disputes whatsoever irrespective of whether they are related with the present package or not.

3. After the terms and conditions of the package are accepted, amendments to the existing licence agreement will be signed between the licensor and the licensee.
4. An undertaking in the enclosed proforma by an authorised signatory of acceptance of the package by the licensee should reach DOT within a weeks' time and in any case not later than 29.7.1999 (Forenoon). In case no response is received within the stipulated period, it will be presumed that licensee does not propose to migrate to the new regime, and the licensee will continue to operate under the terms and conditions of the existing licence.

(A.K. Srivastava)

Director (VAS-II)

Encl: As above

To

The Secretary,
Deptt. of Telecommunication,
Min. of Conmiunications,
Sanchar Bhawan,
New Delhi.

**Sub: Proposed package for migration of existing licenses of Cellular
(Metros & Telecom Circles) and Basic Telecom Services to New
Telecom Policy, 1999 - regarding.**

Sir,

With reference to the letter No.842-153/99-VAS(Vol V)(Pt) dated July, 1999 on the subject noted above, I hereby convey unconditional acceptance on behalf of the Licensee with regard to the package proposed for migration of the existing licenses to NTP 1999 Regime on the terms and conditions in the letter under reference.

2. An authority in my favour given by the company to convey the acceptance is also enclosed.

End: As above. (Authorised Signatory)

Statement-II

The impact on Licence Fee collection due to Migration Package offered vide NTP-99 for CMTS as well as Basic service providers is given in the table below :

(Rs. in crores)

License	Fixed License fee for the license period(A)	License fee actually paid by these companies for the license period(B)	Difference in Fixed and actually paid Licence Fee(C)=(A-B)
CMTS (for 10 year license period)	30492.12 (#)	11234.90	19257.22
Basic (for 15 year license period)	27862.50	3595.80 (*)	24266.70
TOTAL	58354.62	14830.70	43523.92

Notes:

1. As per the Action Taken Note on CAG's Audit Report No. 6 of 2000 against Para No. 14.4 (vii), the amount of waiver on account of notional extension of six months in the effective date of licence is Rs. 1187.50 Crores (Rs. 841.29 Crores for CMTS (Circles) and Rs. 346.21 Crores for Basic Services)
2. # (i) Includes licence fee committed by Metro licencees based on the actual number of subscribers from 4th year onwards @ Rs. 6023 per subscribers [(Rs. 10348.77crore) calculated on the basis of date of signing of the licence agreement as November 1995].

(ii) The subscriber data has been taken from TRAI who have indicated that for the period upto September 2001, the data has been sourced from COAI.
3. * (i) For Basic Service licences, while the committed licence fee is taken upto 2011-12 (for the 15-year licence period), the licence fee paid is upto the year 2009-10.

(ii) Includes entry fee (Rs. 493.46 crore) paid for migration to UASL by the Six Basic Service licencees in 2003.

Telecom equipment testing facility

2060. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether Government has decided to set up a Certifying Centre at the Indian Institute of Science (IISc) Bangalore to test all telecom equipments before installation in the country;