

## STATUS ON POLICY AND REGULATORY ISSUES

Recent events in the Indian telecom industry indicate a positioning of the business for the future. The sector is emerging from a dark period of pessimism and disappointment and operators are drawing out growth strategies as regulatory clarity emerges for the sector. The Government did announce some significant initiatives - like the much-awaited policy on mergers and acquisitions and permitting of 100 per cent foreign investment in the sector - which will drive Indian telecom in the years to come.

However, there are still many issues that the Government needs to consider and resolve for the industry. The Government needs to provide a long term clear, stable, predictable, development oriented and investor friendly policy regime which recognizes the long term nature of the investments and long project maturity requirements of the telecom sector.

After the last two failed auctions, the beginning of 2014 saw the successful auction of spectrum. However, going forward there is a need for a clear roadmap for future auction/ further release of spectrum in various bands. To get the maximum value of spectrum, the Government needs to auction spectrum at reasonable reserve prices and let the market discover its final price with full transparency as to all spectrum that will be made available now and in the future. Excessive fees need to be reduced as they can restrict participation and result in unsold spectrum, impacting objectives of mobile broadband access to everyone. In the coming year, we are expecting that reasonable and practical guidelines on spectrum trading and spectrum sharing will be operationalized.

The sector is currently burdened with various duties & levies at the Union as well as State levels. Since the sector contributes to long-term positive impact on GDP and socio-economic and inclusive development, such gains outweigh the short-term contributions to the Government exchequer through high multiple levies. Hence, there is an urgent need for reviewing, and rationalizing levies and taxes on the sector, which stand as high as 30% as compared to an average of 50% for countries in the South East Asia region.

In addition to the high duties and levies, the sector also faces a high penalty regime. We believe that the Government is working towards refining the overall penalty structure and making a suitable Appellate system. In this context, it is important to assess the severity of the incident before imposition of any financial penalty. Any concerns or issues that arise in this regard should be examined on its merits and imposition of a penalty should be considered only when it is clearly established without doubt that there is willful conduct for the purpose of non-compliance on the part of the licensee.

Since the telecom sector has been granted infrastructure status, the benefits of the same should be provided to the sector, like providing power at an industry priority level to support the network infrastructure which is the backbone of all communication. Another important aspect is adoption of uniform Right of Way across all States at a uniform and reasonable cost, for the installation of

Mobile Towers, laying of Optic Fiber Cable (OFC) etc. As mobile towers, and OFCs are critical to communication services and continuous connectivity of telecom network, any unreasonable or high charges will only add to the cost of provisioning the services.

Regulation will need to be “light touch” and “cost/benefit” oriented to re-invoke the vigour of the Indian telecom sector. A policy to ensure that National Development goals are met through dynamic market play and advancing technology is the need of the hour. Transparent policy on license and spectrum, and support for opening of new business models and segments will be of importance to this.

We continue to emphasize that the Government’s outlook should be on the benefit of all the stakeholders in the country and all policies should be drafted only after ensuring that the same is being fulfilled.