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Unified telecom licences get a big 'no' from consumers, industry

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The government's proposal under the New Telecom Policy (NTP) 2012 to shift to one-nation, one licence or a Unified Licence (UL) for telecom has received a thumbs down from consumers and the industry alike. In addition, the proposed UL is in conflict with several of NTP 2012's own objectives.

The move has such serious implications that the entire industry is collectively opposing it in its current form despite the fact that NTP 2012 already has the Cabinet approval and there is little hope of any change of track in the proposed licensing regime. Despite this, representations from industry associations like the Cellular Operators Association of India (COAI), Association of Unified Telecom Service Providers of India (AUSPI), Internet Service Providers Association of India (ISPAI) and even Confederation of Indian Industry have either been sent to the government or are being drafted.

The UL, which will combine international and domestic long distance, ISP, V-SAT, GMPCS (Global Mobile Personal Communications by Satellite), international private line resale, and fixed line licences — far from the pro-consumer move it is being made out to be, will raise the cost of telecom services, and thereby, tariffs.

Additionally, in spite of multiple recommendations by the Telecom Regulatory Authority of India (TRAI) that only a 6% uniform licence fee should be charged, the DoT has finalised an 8% levy. This hike will be directly borne by customers in their monthly bill. Costs for Internet and broadband users who currently pay 0% will also increase. For mobile and mobile broadband consumers in Jammu and Kashmir, Orissa, Assam, North-East, Himachal Pradesh, and Bihar, the levy will go up from 6% to 8%. Since these circles have the lowest mobile penetration, affordability for the poorest 400 million rural and urban population who are still to connect to the mobile network will be hurt. Ironically, the cost benefits will accrue to relatively well-off consumers in metros, and A category circles since their levy is being reduced from 10% to 8%.

Further, the Rs. 15 crore entry fee for the UL ensures that costs for new niche players go up astronomically, which will restrict competition and encourage hikes in consumer tariffs.

Contrary to popular belief, free national roaming, the abolition of STD, and delinking of licence from spectrum have nothing to do with the UL. The first two are regulatory/interconnection issues, and the delinking is a consequence of the Supreme Court judgment of 2.2.2012 cancelling 122 licences in the 2G scam. In effect, consumers gain nothing but a vast majority of them pay more if the UL goes through.

Raising the entry fee barrier to Rs. 15 crore is a blow to small and medium-sized companies who could be serious niche and efficient providers of services such as ISP, IPLC, ISD or fixed line at a State level. It also means that the cost at which existing licences are renewed will be multiple times higher since in future, service-specific and circle-specific licences will decline sharply. "Overall, this will result in less rather than more competition, further entrenchment of large telecom players rather than efficient ISP's ideally positioned to service local communities, and higher consumer tariffs," points out Rajesh Chharia, president, ISPAI.

Not only is the increase in costs for consumers against the first and most important "affordability" objective of NTP 2012, but also against the policy emphasis on enhancing rural tele-density and broadband on demand. The hike in costs adversely affects both broadband access and rural penetration objectives — key milestones of NTP 2012. Another significant inconsistency is that while the UL combines existing networks with individual services under one licence, NTP 2012 envisages "delinking of the licensing of networks from the delivery of services to the end users".

Further, implementing mobility under a UL is a potential nightmare since spectrum is priced and allocated on a circle-wise basis. Additionally, SDCA (Short Distance Calling Area) and circle-linked long distance tariffs, carriage charges, and an entire administration across the private sector and BSNL-run telecom networks through neatly divided circle-specific licenses. Changing these network configurations will take time, money and man hours, raising uncertainty on issues such as revenue definition (AGR), interconnection, level playing field and migration to UL, without any tangible benefits.

The history of UL has been controversial. Conceived in 2003, it was abandoned to unify only access licences in a bid to allow limited mobility CDMA operators' entry into full mobility. A second set of recommendations on UL was made in 2005 and formally rejected by the former Telecom Minister, A Raja, in 2007. Suddenly, in May 2010, without any perceivable change in the environment, regulatory requirement, or consumer demand, the TRAI, without any prior

consultation, recommended a shift to a UL at a cost of Rs. 20 crore, which the government adopted in its draft telecom policy of October 2011.

Consumer expert Bejon Misra confirmed to *The Hindu* that no consultation was held when UL was recommended by the TRAI in May 2010. "We had no say in the matter, consumers neither know about the UL nor its tariff implications," he said.

The TRAI went on to write guidelines for the UL in November 2011, which was placed for public consultation in February 2012. Rejecting most of the industry inputs, the TRAI sent its final recommendations on UL with a reduced entry fee of Rs. 15 crore to the DoT this year.

The government, in turn, included UL within NTP 2012 without announcing even a draft licence agreement or terms and conditions. This has left the industry scrambling for recourse, despite knowing that in spite of its questionable utility, enormous challenges and disadvantages, the UL is an entrenched part of NTP 2012. In any event, it could take years to implement the move with little by way of gains.

Keywords: [New Telecom Policy \(NTP\) 2012](#), [Unified licence](#), [Cellular Operators Association of India](#), [Cabinet approval](#), [Internet Service Providers Association of India](#), [Association of Unified Telecom Service Providers of India](#)

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