



Draft Indian Telecommunication Bill 2022

For Prelims: Department of Telecommunications (DoT), draft Indian Telecommunications 2022 Bill, over-the-top (OTT) platforms, the Indian Telegraph Act, 1885, Telecom Regulatory Authority of India (TRAI), Telecommunication Development Fund (TDF), Production Linked Incentive (PLI), Bharat Net Project, Prime Minister Wi-Fi Access Network Interface (PM-WANI)

For Mains: Significance of India's Telecom Sector

Why in News?

Recently, the **Department of Telecommunications (DoT)** released the **draft Indian Telecommunications 2022 Bill** to regulate Internet-based **OTT (Over-The-Top)** telecom services.

What are the Key Highlights of the Draft Bill?

▪ **About:**

- The draft Bill consolidates **three separate acts** which currently govern the telecommunication sector — [the Indian Telegraph Act, 1885](#), **Indian Wireless Telegraphy Act, 1933**, and **The Telegraph Wires (Unlawful Protection) Act, 1950**.

▪ **Dilution of TRAI Power:**

- The DoT has also proposed to dilute some crucial powers and responsibilities of the [Telecom Regulatory Authority of India \(TRAI\)](#) on issuing new licences to service providers.

▪ **OTT Regulation:**

- The government has included internet-based and **OTT communication services** such as WhatsApp calls, Facetime, Google Meet etc under telecom services.
 - It was the long-standing demand by telecom operators for creating a level playing field. At present, while **telecom companies need a licence to offer services, OTT platforms do not**.
 - Further, bringing OTTs under the ambit of telecom services means that **OTT and internet-based communications would require a licence to offer services**.

▪ **Provision of Refund:**

- The telecom ministry has proposed a provision for refund of fees in case a telecom or internet provider surrenders his license.

▪ **Default in Payment by Licensees:**

- In the **event of payment default, and in extraordinary circumstances**, including financial stress, consumer interest, maintaining competition in the sector, or reliability and continued supply of telecommunication services, the **govt can defer the payment of such amounts, convert a part or all of the amounts payable into shares**, write-off payable amounts or provide relief from payment.

▪ **In case of Insolvency:**

- In the **case of insolvency, the spectrum assigned to an entity shall revert to government control**, and the Central Government may take such further action, as may be prescribed, which may include allowing such licensee or assignee to continue to use the

spectrum.

▪ **Telecommunication Development Fund:**

- It proposes to **rename the Universal Service Obligation Fund (USOF) as Telecommunication Development Fund (TDF)**.
 - The USO fund is **generated from the annual revenue of telecom services providers**. The sums of money received towards the TDF will first be credited to the Consolidated Fund of India.
- The fund will be **utilised to boost connectivity services in underserved rural, remote, and urban areas**. It will also **aid research and development of new telecommunication services, skill development**, and support the introduction of new telecommunication services.

What is the Present status of the Telecom Industry in India?

▪ **Present Status:**

- The Telecom industry in India is the **second largest in the world** with a subscriber base of 1.17 billion as of 2022. India has an **overall teledensity of 85.11%**.
- The industry's exponential growth over the last few years is primarily driven by affordable tariffs, wider availability, the roll-out of **Mobile Number Portability (MNP)**, **expanding 3G and 4G coverage**, and evolving consumption patterns of subscribers.
- The Telecom sector is the **3rd largest sector in terms of FDI inflows, contributing 6.44% of total FDI inflow**, and contributes directly to 2.2 million employment and indirectly to 1.8 million jobs.
- Between 2014 and 2021, the **FDI inflows in the Telecom sector rose by 150%** to USD 20.72 billion from USD 8.32 billion during 2002-2014.
- 100% Foreign Direct Investment (FDI) has now been allowed in the Telecom sector under the automatic route.
- India is on its way to becoming the **second-largest smartphone market globally by 2025 with around 1 billion installed devices** and is expected to have 920 million unique mobile subscribers by 2025 which will include 88 million 5G connections.

▪ **Initiatives:**

- **PLI Schemes under Atmanirbhar Bharat Abhiyan:**
 - **Production Linked Incentive (PLI)** Scheme worth INR 12,195 Crores for manufacturing of telecom and networking products. Incentives worth more than INR 4,000 Crores have been earmarked for the Design Led Manufacturing Scheme of the existing PLI Scheme.
- **Telecom Sector Reforms:**
 - In 2021, large-scale structural and procedural reforms have been brought in to enhance liquidity and minimise financial stress within the telecom sector.
- **Bharat Net Project:**
 - **Bharat Net Project** Optical fibre cables laid to 178,247-gram panchayats, out of which 161,870 are service ready. Additionally, 4,218-gram panchayats have been connected over satellite media, taking the total number of service-ready gram panchayats to 166,088.
- **Prime Minister Wi-Fi Access Network Interface (PM-WANI):**
 - Provision of **public Wi-Fi service through Public Data Offices (PDOs)** spread across the country to accelerate the expansion of broadband internet services.

▪ **Challenges:**

- **Declining Average Revenue Per User (ARPU):** ARPU decline now is sharp and steady, which, combined with falling profits and in some cases serious losses, is prompting the Indian telecom industry to look at consolidation as the only way to boost revenues.
 - In 2019, the Supreme Court allowed the government's plea to recover adjusted gross revenue of about Rs 92,000 crore from telcos, that further adds to their stress.
- **Limited Spectrum Availability:** Available spectrum is less than 40% as compared to European nations and 50% as compared to China.
- **Low Broadband Penetration:** Low broadband penetration in the country is a matter of concern. As per white paper presented on broadband at the last International Telecommunication Union (ITU), **broadband penetration in India is only 7%**.

- Over the Top (OTT) applications such as WhatsApp, OLA and so on do not need permission or a pact with a telecommunications company. This hampers the revenue of telecommunication service providers.
- **Huge fluctuations in the duties on Telecom Equipment** which contribute to connecting the whole system from the central server to the consumer.

What are Over-The-Top Platforms (OTT)?

- OTT or Over-the-Top platforms are audio and video hosting and streaming services such as **Netflix, Amazon Prime Video, Hotstar etc**, which started out as content hosting platforms but soon branched out into the production and release of short movies, feature films, documentaries and web series themselves.
 - These platforms offer a range of content and use **Artificial Intelligence (AI)** to suggest users the content they are likely to view based on their past viewership on the platform.
 - Most OTT platforms generally offer some content for free and charge a monthly subscription fee for premium content which is generally unavailable elsewhere.

Way Forward

- The telecom sector in India has to deal with various challenges like maintaining a **sufficient spectrum and adopting new technologies** faster to be able to use the new features and techniques to serve the customers with better and feature-rich service.
- The Draft Telecommunication Bill 2022 addressed these challenges and is open to discussion which would further lead to a comprehensive policy regarding the future of telecommunications in India.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. In India, which of the following review the Independent regulators in sectors like telecommunications, insurance, electricity, etc.? (2019)

1. Ad Hoc Committees set up by the Parliament
2. Parliamentary Department Related Standing Committees
3. Finance Commission
4. Financial Sector Legislative Reforms Commission
5. NITI Aayog

Select the correct answer using the code given below:

- (a) 1 and 2
 (b) 1, 3 and 4
 (c) 3, 4 and 5
 (d) 2 and 5

Ans: (a)

Exp:

- Parliamentary Committees are of two kinds – Standing Committees and Ad Hoc Committees. The former are elected or appointed every year or periodically and their work goes on, more or less, on a continuous basis. The latter are appointed on an ad hoc basis as the need arises and they cease to exist as soon as they complete the task assigned to them.
- In India, there are 24 Department Related Standing Committees that comprise members from both

Houses of Parliament. These committees are Ministry specific, and may review the working of regulators within their respective departments. For example, in August 2012, the Standing Committee on Energy presented a report on the functioning of the 'Central Electricity Regulatory Commission'. **Hence, 2 is correct.**

- **Ad Hoc Committees set up by the Parliament may examine the working of regulators.** For instance, the terms of reference of the Joint Parliamentary Committee (JPC) on the allocation of 2G spectrum include the review of the policy on spectrum pricing and grant of telecom licences. **Hence, 1 is correct.**
- Role of Finance Commission and NITI Aayog is advisory in nature and they do not review independent regulators. **Hence, 3 and 5 are not correct.**
- The Financial Sector Legislative Reforms Commission (FSLRC) was constituted by the Ministry of Finance in March 2011 to comprehensively review and redraw the legislations governing India's financial system. It has no role in reviewing the independent regulators. **Hence, 4 is not correct.** **Therefore, option (a) is the correct answer.**

Mains

Q. The aim of Information Technology Agreements (ITAs) is to lower all taxes and tariffs on information technology products by signatories to zero. What impact would such agreements have on India's interests? **(2014)**

Source: IE

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