

TELECOM REGULATORY AUTHORITY OF INDIA



सत्यमेव जयते

Pre-consultation paper

on

Exit Policy for various telecom licences

NEW DELHI

6th Jan, 2012

**TELECOM REGULATORY AUTHORITY OF INDIA
NEW DELHI**

Dated 6th January, 2012

Pre-consultation

Subject: Pre-consultation paper on Exit-Policy for various telecom licences.

Telecom Regulatory Authority of India (TRAI) is contemplating to issue a consultation paper on Exit-Policy for the telecom service providers who wish to exit from the business of the telecom service(s) for which they presently hold a license.

2. The Department of Telecommunications (DoT), vide its letter dated 10th October 2011 and subsequent clarification dated 23rd December, 2011 had requested TRAI to recommend an exit policy for licensees of all types of licenses, who wish to exit from provisioning of telecom services under a licence.
3. In the present licensing framework of telecom licenses, there is no exit policy except for Internet Service Providers (ISP) licenses, but there are provisions to surrender the licenses. In case of ISP licenses, DoT had spelt-out an exit policy¹ in 2002. In the present license for ISPs, there are clauses for surrendering of license to exit the business. As per the provision of ISP license:
 - All ISPs who have completed the allocated period to roll out Internet services and have not yet rolled out their services have option to surrender the license paying 5% of PBG as surrender charge within six months of notification.
 - All ISPs who have not rolled out services and want to surrender ISP licenses may be permitted to do so within six months form date of notification by paying 2.5% of PBG as surrender charges provided they have not yet completed allocated period for roll out of services.

¹ <http://www.dot.gov.in/isp/exitpolicy.htm>

- All ISPs who have already started Internet services and want to surrender ISP license will be permitted to do so without any surrender charges provided it gives due notice to its subscribers.
4. While formulating the exit policy for all the telecom licenses there will be several issues that need to be addressed. Some of them are:-
- Whether partial exit(surrender of spectrum only-in part or complete) from the business should be allowed?
 - What should be the terms and conditions for exit?
 - Desirability and feasibility of refund of part of entry fee;
 - Release of bank guarantees;
 - Policy on surrender of spectrum; Policy on refund in case of partial/full compliance or non-compliance of roll-out obligations;
 - Time frame for exit from the business/service; Modus-operandi to shift the customers from one service provider(who desires to exit from the business) to another service provider;
 - Settlement of liabilities/claims of the service provider exiting from provisioning of telecom services under a licence.
5. Comments/views from all the stakeholders are solicited on issues, implications, advantages & disadvantages, to the individual licensees, to the Govt revenues and to the telecom sector as a whole.
6. The response may kindly be emailed to advmn@traf.gov.in by 16th January 2012.

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