

# Government slashes spectrum use charge, phone bills may drop

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NEW DELHI: In a move that could lower consumer tariffs for calls and broadband while also freeing up cash for debt-laden mobile service operators, the government has cut spectrum usage charges (SUC) from 5 per cent of adjusted gross revenues (AGR) to 3 per cent.

The move is expected to be a confidence booster ahead of mega auctions, slated for July, which will see the government sell over 2,000 MHz of spectrum across seven frequencies, including the lucrative but highly-expensive 700 MHz band that will go on sale for the first time.

The decision could free up as much as Rs 3,200 crore for mobile companies. Top sources within the government said the decision to reduce SUC was approved by the inter-ministerial telecom commission that met in late March.

"The telecom commission has cleared the reduction of SUC, and the decision has also been approved by the telecom minister," a source told TOI. SUC is a charge levied annually as a percentage of the AGR that mobile companies make from telecom services. Currently, it is charged at 5 per cent on spectrum that has been acquired through auctions while there is a weighted average method to calculate the charge where operators hold spectrum under the previous administered rate regime.

Operators have time and again sought a reduction in SUC, a demand that has also found favour with regulator Trai. The issue of SUC reduction is also a sensitive one as Mukesh Ambani's Reliance Jio Infocomm, which plans to offer telecom services soon, has to pay only 1 per cent on the Broadband Wireless Access (BWA) spectrum which is one of the mainstays for its services.

Trai had earlier suggested a uniform 3 per cent SUC for all types of service providers, including BWA operators, saying a difference in the charges will open up the possibility for arbitrage.

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