

India balks at further telecom fee cuts

January 2 2006

The Indian government has rejected a proposal to cut telecom licensing and spectrum fees rather than face continuing revenue losses.

The Telecom Regulatory Authority had proposed the reduction; however, the Business Standard reported Sunday night that the Finance Ministry vetoed the idea, telling the newspaper that "the government cannot go on reducing the license fee forever."

Reducing fees paid by telecom operators has played an important role in spurring infrastructure expansion. Another cut, however, would cut into revenues the exchequer was planning on.

Industry officials said India continued to have regulatory costs well above those paid in China and other countries in the region.

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