

Info Capsule

NEW TELECOM POLICY WILL BE APPLICATION DRIVEN RATHER THAN CONNECTIVITY DRIVEN¹

The Minister of Communications Shri Manoj Sinha informed that his Ministry is working on a new Telecom Policy which will be application driven as compared to National Telecom Policy, 2012 which was connectivity driven. Speaking at a seminar on the topic of ICT: Engendering New Governance Structure, he said that the new policy has to be focussed on the end users and should look at the newer opportunities for expanding the availability of Telecom services. He said, the advent of high speed data services and enhanced expectations of the users to get real time on-demand bandwidth to run near real time live applications enjoins us to prepare new policies and he underlined that for the first time, the Ministry has decided to involve a large pool of experts from outside the department to get more inputs from the citizens and stakeholders for the new policy.

The Minister said that communications Sector has assumed the position of an essential infrastructure for socio-economic development in an increasingly knowledge-intensive world. He said that as of April 2017, the country has close to 1.2 billion telephone connections, including 1.17 billion wireless telephone connections and similarly witnessed the rapid growth of the broadband connections that now stands at 276.52 million. He said, more than the number, it is heartening to see the six-fold increase in Data traffic in India from 561 million GB in the first quarter to 2988 million GB in the third quarter of 2016-17, which is a whopping 400 % jump.

Shri Sinha said that while our service providers are rapidly deploying the 4 G technology, his focus is on two important aspects- the need to expand the connectivity to all parts including the north-eastern and Left Wing Extremism affected areas and Secondly to keep an eye on future generation that is 5 G technology and ensure that India plays a key role in standards development and get a healthy share of the innovations and patents in the 5G technology pool. He also said that the FDI equity inflow in telecom sector from April, 2016 to March, 2017 was US \$ 5564 million, which is more than four times the average inflow of about 1.3 billion dollars every year since 2013-14.

The Minister said that the digital India program and the digital economy requires underlying connectivity as a pre-requisite and added that as road infrastructure used to be a necessity for development in 19th and 20th century, the information superhighways are a must for growth in the 21st century. He said that the Indian Telegraph Right of Way Rules, 2016 was notified that further ease the cable laying approval process and helps in Ease of Doing Business for Telecom Service Providers. He also informed that the Department of Telecom has announced the 'Central Equipment Identity Register' last week, which paves the way for setting up of International Mobile Equipment Identity (IMEI) based device registration and authentication that will settle the cases of Mobile Phone Theft to a great extent. The department is also actively considering the TRAI recommendations on addressing Telecom Consumer Grievances and urged the officers to propose a state-of-the-art technology driven solution that records, monitors and provides end-to-end monitoring of every grievance.

¹ Available at: <http://pib.nic.in/newsite/erelease.aspx>

Calling for a revisit of the current HR policies of the Government, the Minister said that there has been a recognition that specialized skills have to be drawn from both within the Government system and also from outside wherever possible as the Centre and the States are woefully short of such skilled resources.

Speaking on the occasion, Secretary, Telecom Ms Aruna Sundararajan said that world is looking at India as the next growth engine to grow from 7.6 percent to above 10 percent and it requires huge effort by both the government and the private sector. She urged the Department of Telecom to become an Engine of Transformation and to act as infrastructure builder rather than a regulator. Referring to the customer delight as a hallmark of business success, she urged the officials to achieve the target of 700 to 800 million internet penetration in the next five years for achieving the vision of the Prime Minister for a New India. The Secretary also underlined the need for Standard Development in new technology areas and referred to the case of digital payment, where India leapfrogged in setting the next standard.

GIFTS UP TO A VALUE OF RS 50,000/- PER YEAR BY AN EMPLOYER TO HIS EMPLOYEE ARE OUTSIDE THE AMBIT OF GST. HOWEVER, GIFTS OF VALUE MORE THAN RS 50,000/- MADE WITHOUT CONSIDERATION ARE SUBJECT TO GST, WHEN MADE IN THE COURSE OR FURTHERANCE OF BUSINESS²

It is being reported that gifts and perquisites supplied by companies to their employees will be taxed under GST. Gifts upto a value of Rs 50,000/- per year by an employer to his employee are outside the ambit of GST. However, gifts of value more than Rs 50,000/- made without consideration are subject to GST, when made in the course or furtherance of business.

The question arises as to what constitutes a gift. Gift has not been defined in the GST law. In common parlance, gift is made without consideration, is voluntary in nature and is made occasionally. It cannot be demanded as a matter of right by the employee and the employee cannot move a court of law for obtaining a gift.

Another issue is the taxation of perquisites. It is pertinent to point out here that the services by an employee to the employer in the course of or in relation to his employment is outside the scope of GST (neither supply of goods or supply of services). It follows there from that supply by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST. Further, the Input Tax Credit (ITC) Scheme under GST does not allow ITC of membership of a club, health and fitness centre [section 17 (5) (b) (ii)]. It follows, therefore, that if such services are provided free of charge to all the employees by the employer then the same will not be subjected to GST, provided appropriate GST was paid when procured by the employer. The same would hold true for free housing to the employees, when the same is provided in terms of the contract between the employer and employee and is part and parcel of the cost-to-company (C2C).

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² Available at: <http://pib.nic.in/newsite/erelease.aspx>