# TRAI recommendations evoke mixed reactions from operators

**Indo-Asian News Service**
New Delhi, May 12, 2010

The telecom watchdog's recommendations on allocation of spectrum for second generation (2G) telephony evoked mixed reactions from mobile phone companies on Wednesday.

The country's top operator, Bharti Airtel, called the proposals "shocking and perverse" while Reliance Communications (RComm) found these "progressive and consumer-centric".

The Telecom Regulatory Authority of India (TRAI) on Tuesday suggested a one-time levy on service providers for holding 2G radio spectrum beyond 6.2 mega hertz. The fee calculation has been pegged to the current prices of 3G, for which an auction is going on.

Airtel in a statement said: "The recommendations are shocking, arbitrary and retrograde. We are confident that the DoT (department of telecommunications) and the government will take a rational approach and summarily reject these arbitrary, impractical and perverse recommendations."

RComm welcomed the TRAI spectrum proposals which it said would encourage rural telephony.

"The recommendations are progressive and will encourage rural telephony. Incumbent operators will have to pay up for excess spectrum and return excess spectrum. Impact on incumbent GSM operators will be close to Rs.10,000 crore. Impact on the company will be only Rs.22 crore," RComm said in a conference call.

Tata Teleservices took a different view and said the recommendations did not address the inequalities in spectrum allocation and issues of excess spectrum beyond 6.2 MHz.

"The recommendations instead of recognising our status as a dual technology UASL-holder, has rather pushed us further behind in the queue, as it now proposes to award the spectrum first to those players who already have 4.4 MHz to 6.2 MHz and then to those who have been waiting.

"The recommendations, thus, impact TTSL adversely and makes our case of expecting minimum spectrum the worst in the industry," it said.

Vodafone found the recommendations "opaque and illogical."

Industry experts said players like Bharti, Idea and Mahanagar Telephone Nigam Ltd are likely to be the most affected by the recommendations as they hold spectrum in excess of the limits mentioned in the proposals.

RComm and Tata Teleservices do not have any excess spectrum. "So impact of the recommendations on them is likely to be minimal," said one.

# Highlights Of Trai Recommendations On Spectrum

(Reuters)

Highlights of Trai recommendations on spectrum pricing are as follows:

- Number of mobile subscribers in India to be 1,000 million by 2014-15
- Spectrum requirement in next five years: 500-800 MHz
- Spectrum for voice services alone would need 275 MHz.
- Availability of spectrum is only 287-450 MHz.
- Specific fund for refarming of spectrum.
- Regular spectrum audit to be taken by TRAI.
- Committed spectrum: 6.2 MHz for GSM and 5 MHz for CDMA.
- No cap on number of operators in a service area.
- Spectrum de-linked from Universal Access Service Licence.
- Spectrum to be de-linked for those renewing their licence after expiry of their licence period.
- Spectrum cost to be same as the price arrived for 3G spectrum.
- Spectrum that can be assigned is 8 MHz (all India except Delhi and Mumbai) for GSM operator and 5 MHz for CDMA operators.
- In Delhi and Mumbai, (the prescribed limit) assigned spectrum would be 10 MHz for GSM and 6.25 MHz for CDMA.
- Additional spectrum beyond 6.2/5 MHz would be paid as per the 3G-spectrum cost.
- All India licence minus spectrum will cost Rs 20 crore and Rs 2 crore for A circle, Rs One core for B circles and Rs 50 lakh for C circle licence.
- Internet Service providers to pay revenue share of 4 per cent in 2010-11 and 6 per cent in 2012-13. Currently they pay Rupee One as licence fee.
- Uniform licence fee of 6 per cent by 2013-14 for telecom service providers. Recommends scrapping of three slabs- 10 per cent (Metro and Category A), 8 per cent (category B) and 6 per cent (in category C circles).
- As and when spectrum in 800/900 MHz band is refarmed, it should be auctioned for 3G services or other future technologies.

- Spectrum allocation on basis of priority.

- Those operators who hold between 6.2 MHz-8 MHz spectrum, should pay an additional one-time charge at 3G spectrum price. Beyond this, it will be charged at 1.3 times of the 3G prices.

- A spectrum usage charge to be levied on both GSM and CDMA operators: 0.5 per cent for every MHz up to the contracted spectrum and One per cent beyond contracted quantity, upto a maximum of 10 MHz for GSM and 7 MHz for CDMA.

- Spectrum sharing allowed for a five-year period. Both operators to pay 3G-spectrum price pro rated, for the spectrum held beyond 6.2/5 MHz, individually. Both entities will pay a combined spectrum usage charge on the combined spectrum.

- Spectrum trading should not be allowed.

- TRAI seek more powers “to ensure the observance of licence conditions and effective management of spectrum.”