

Media Statement from COAI on TRAI's recommendation on Auction of spectrum in frequency bands identified for IMT/5G:

COAI is disappointed by TRAI's recommendations for auction of 5G spectrum bands. Given the recent seminal reforms for the telecom sector announced by the Government of India, these recommendations are one step backwards than forward towards building a Digitally Connected India.

The spectrum pricing recommended by TRAI is too high. Throughout the consultation process, industry had presented extensive arguments based on global research and benchmarks, for significant reduction in spectrum prices. Industry recommended 90% lower price, and to see only about 35-40% reduction recommended in prices, therefore is deeply disappointing.

Despite the Government's decision to allocate 5G spectrum for a period of 30 years, the TRAI has decided to recommend reserve prices for 20 years and applied 1.5 times multiple to the price if spectrum is to be taken for 30 years. If one were to look at the pan-India price of 3.5 GHz spectrum, then we are back to square one with effectively no change and will nullify the relief provided by union cabinet in the year 2021. This defies logic and calls for lower spectrum prices by the industry and intelligentsia to keep spectrum prices lower to enable the industry in aggressive network rollouts that will require massive investments.

Also, by introducing mandatory rollout obligations for 5G networks without even factoring the huge cost of such rollout, the TRAI has delinked itself from reality and is running counter to the Government's efforts of enhancing ease of doing business. It's best to let the service providers be the judge for rollout of networks based on market dynamics. No operator invests in large quantum of spectrum and network capex and opex without a clear monetization roadmap and the companies are answerable to their investors and stakeholders.

By allowing private captive networks for enterprises, TRAI is dramatically altering the industry dynamics and hurting the financial health of the industry rather than improving it. Telecom Service Provider have and going forward will invest lakhs of crore rupees in network rollouts. Enterprise services constitute 30-40% of the industry's overall revenues. Private networks once again disincentivizes the telecom industry to invest in networks and continue paying high levies and taxes.

We urge the TRAI to:

- Revisit its spectrum pricing recommendations. The industry strongly believes there is enough and more headroom available to reduce spectrum prices by 90%, in line with global norms. TRAI must do away with the 1.5 times price multiple for 30 years spectrum allocation.
- Do away with the minimum rollout obligations as this is a retrograde step. The industry must be empowered to decide its rollout strategy once it has acquired spectrum at the said price.
- Disallow private enterprise networks for the financial viability and orderly growth of the telecom industry, which is more than capable of delivering these services to businesses.