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PRESS RELEASE

Reserve pricing for spectrum auction is arbitrary, regressive and inconsistent - A body blow to the telecom industry says COAI & AUSPI

New Delhi, 23rd April 2012: The Indian Telecom Industry has expressed deep dismay on the TRAI's latest recommendations on the auction of 2G spectrum. TRAI in its latest recommendations has proposed reserve pricing/ per MHz for 700 MHz at Rs.14000 crores, for 800/900 MHz band at Rs.7244 crores and for 1800 MHz at Rs 3622 crores, which translates into a reserve price of over Rs 18,100 crores for a block of 5 Mhz in 1800 Mhz band.

The Cellular Operators Association of India (**COAI**) and the Association of Unified Telecom Service Providers of India (**AUSPI**) have vehemently expressed their concern and disapproval of these recommendations and termed them as being arbitrary, regressive and inconsistent. The industry was looking forward to reasonable spectrum reserve price recommendations from TRAI in the light of the government's own articulated policy directions on affordability, rural penetration, etc.

The Ministry and the DoT has clearly stated that the primary objective of the NTP 2012 is proliferation of **"affordable, reliable and secure telecom and broadband services in furthering the national development agenda while enhancing equity and inclusiveness"**, and stated - **"revenue maximisation as a secondary objective"**. The draft NTP 2012 also **"recognises the predominant role of the private sector and the consequent policy imperative of ensuring continued viability of service providers in a competitive environment"**.

However, industry has repeatedly been facing contradictory and regressive approach from the Regulator which is detrimental to the future of the sector that is often touted as the poster boy of India's economic reforms. From deciding to link the price of 2G spectrum to 3G spectrum auctions, to its own expert committee's inputs without the application of any logic; and unilaterally trying to interpret DoT's own licence terms like 'extension' as 'renewal', the Regulator's actions appear to be unfair and biased against all operators for reasons best known to it.

The TRAI's actions seem to be directed towards creating unnecessary constraints for the sector, overlooking the universal rules of sustainability and growth for this sector. Under such inconsistent, regressive and uncertain regulatory environment, it is inconceivable that the telecom industry, which is already in a state of doldrums, will be able to deliver on the Government's vision of affordable communications, rural penetration and rollout of data services.

It will further hurt the ability of the country to be at par with other developing and developed nations where access to communication and information via the Mobile broadband route has been regarded as the foremost parameter for the socio-economic growth an index of national competitive advantage. Moreover, it will also affect the investors' already shaken sentiments as it will prove to be an impediment for operators to invest and expand services.

We hope that the Government will look into this aspect and revisit the entire process. In their current state the guidelines have the potential to derail a sector that is a significant contributor to the National Economy. The industry was also hoping that TRAI would limit its recommendations narrowly to the matter referred to it by the Supreme Court, i.e auction of canceled 2G licenses. However, the expansion of the recommendations to cover such matters as 700 MHz auction, refarming, etc. have caused concerns to the industry relating to existing rights to spectrum conferred by extended licenses with operators.



About COAI:

The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non-profit, non-governmental society dedicated to the advancement of communication, particularly modern communication through Cellular Mobile Telephone Services. With a vision to establish and sustain a world-class cellular infrastructure and facilitate affordable mobile communication services in India, COAI's main objectives are to protect the common & collective interests of its members. (<http://www.coai.in/>)

About AUSPI:

Association of Unified Telecom Service Providers of India (AUSPI) is the representative industry body of Unified Access Service Licensees providing telecom services in the country with CDMA & GSM technology. AUSPI is a registered society and works as a non-profit organization - Delivering the promise of improved Access, Coverage and Teledensity in India. (<http://www.auspi.in/about-us.asp>).