



**Shri. Kapil Sibal**

Hon'ble Minister for Communication and IT  
Government of India  
Sanchar Bhawan,  
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New Delhi-110001

**Sub: TRAI Recommendations on Auction of Spectrum are Contrary to Public Interest and will deal a Fatal Blow to the Telecom Sector**

Respected Sir,

As you are aware, the recent months have seen a considerable slowdown in the performance of the mobile industry, which, till recently, was the poster boy of the Indian liberalization process that was kicked off in the nineties.

The growth story had, till recently been quite compelling, but, **current trends indicate significant reversal in key financial and operating parameters** and a **strong decline in investor confidence**. The recent **downgrading on India's rating by Standard and Poor** is yet another indication of the poor investor sentiment that is troubling the market.

Under these circumstances, there is a pressing need for swift and bold policy initiatives from the Government to restore investor confidence, business sustainability and public interest.

It is therefore indeed most unfortunate that the TRAI has come out with a highly retrograde set of proposals/recommendations on spectrum auctions that militate against National Telecom Policies, both the existing and the proposed, and directly harms the Consumers and Rural Connectivity.

Sir, it is respectfully submitted that, holding back about 80% of the available spectrum and placing only 5MHz for auction in each service area, **will result in a totally unrealistic and inflated market value caused through creation of artificial scarcity**. By severely throttling the supply to 5MHz, TRAI is trying to artificially distort the auction result, going against the directions of the Supreme Court.

Further, the reserve prices recommended by TRAI for different bands of spectrum are exorbitantly high and unrealistic (e.g. Rs. 3662 Crore per MHz for 1800MHz band which is to be auctioned immediately). The reserve price for 800/900MHz band and 700MHz band is 2 times and 4 times the reserve price of 1800MHz band. **TRAI has failed to appreciate that such high prices are completely unsustainable in a highly price sensitive market such as India, which has an average revenue per user of less than Rs. 90, which has a poor rural teledensity and requires huge investments to rollout networks in rural and remote areas.**



**It is respectfully submitted that the high cost of spectrum will translate into much a higher tariff for consumers. It is estimated that tariffs will go up by at least 25-30%. The high auction price, if at all paid, will not leave any resource in the hands of the operators to do the required network rollouts. In fact, it is likely to push back the industry by several years, thus compromising both the connectivity as well as broadband agenda of the country.**

Further, the TRAI recommended rollout obligations are extremely onerous and unwarranted. Having paid the market or auction price for spectrum, there is no justification for mandating any rollout obligation. The recommendations on so called "refarming" have no nexus with the Hon'ble Supreme Court judgment.

Further, **TRAI has carried out no study to examine the socio-techno-economic aspects** involved and has ignored the contractual and other rights of the affected operators. The "refarming" of 900MHz is sought to be justified on the basis of the so-called "liberalization" which is completely untenable since we are in an acknowledged technology-neutral environment since Sep1999. This aspect, could itself lead to protracted disputes.

**There are serious public interest and public policy impacts that have not even been acknowledged, let alone considered, by TRAI eg. such "refarming" will result in the Connected becoming Unconnected and the Covered areas becoming Uncovered resulting, actually, in fall in teledensity.**

**The "refarming" recommendations will also result in huge disruption in network and a fall in the quality of service, which aspects have not been even considered by TRAI. This will cause much disruption in service to public who rely heavily on mobile telephony for economic and social purposes. While the coverage and quality will decrease, at the same time, the cost to provide the existing services will itself increase very sharply.**

Importantly, the Recommendations also further worsen the playing field which is already tilted against the pure GSM players as compared to the Dual spectrum operators. The Supreme Court order dated 2nd Feb 2012 clearly observed all decisions taken pursuant to the Governments Press Release dated 10<sup>th</sup> Jan 2008 and during September 2007 – March 2008 to be arbitrary, rendering them illegal.

**Sir, we respectfully submit that such flawed and retrograde, regressive and uncertain recommendations, if accepted, will irretrievably harm consumer interests, ring the death knell for Indian telecommunications and also lead to prolonged disputes & litigation. We earnestly request your urgent intervention at this critical stage and seek that:**



1. All available spectrum be auctioned.
2. Reduce the reserve price (by about 80%) to a far more reasonable level, and allow the market to discover the true spectrum price.
3. Respect the already available technology-neutrality, and reject the TRAI recommendations for "refarming".
4. Dispense with rollout obligations for auctioned spectrum.
5. Level Playing Field versus dual spectrum operators.

The details of the points that need to be considered by the Government prior to taking a decision on the conduct of the forthcoming spectrum auctions are given in the **Annexure – 1** (Attached)

We seek your most urgent kind intervention and support, in the interests of the Consumer, the Nation & the Industry.

Kind regards,

**Sanjay Kapoor**  
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Bharti Airtel

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Managing Director  
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**Sigve Brekke**  
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