

TELECOM REGULATORY AUTHORITY OF INDIA

PRESS RELEASE No. 12/ 2003

16th July, 2003

TRAI CONSULTATION PAPER ON UNIFIED LICENSING FOR BASIC AND CELLULAR MOBIL SERVICES

1.1 TRAI today issued a consultation paper on 'Unified Licensing for Basic and Cellular Mobile Services'. This paper aims to gather the views of stakeholders on migrating from a service specific regime to a Unified-licensing regime, which is prevalent in a number of countries and has recently been mandated for the European Union countries by the EU. The unified licensing regime as envisaged in the paper would enable the Service Providers to offer both fixed and mobile services. This would benefit the service providers and consumers, as there would be efficiency gains through synergies of infrastructure, networks and services.

1.2 In India, the Basic and Cellular Mobile Services have been licensed separately. However, a certain amount of convergence in the terms & conditions of license already exists because both the Basic and Cellular Service Providers pay the same annual revenue share license fees, both the service providers have common access to Universal Service Fund and can offer mobility (though the extent is different).

1.3 However, there still exist certain differences on issues such as varying amounts of entry fee paid at the time of migration, amount of spectrum allocation, roll out obligation etc. that would need to be addressed. The key differences pertains to

1.3.1 Entry fees paid: The amount of entry fees paid by Cellular Mobile Service Providers at the time of migration is higher than that paid by the BSOs. Also, the amount of entry fees paid by the fourth Cellular Operator is higher than that being paid by new entrant BSOs.

1.3.2 Extent of Mobility: While the CMSPs are permitted mobility within the entire Service Area, BSOs are permitted mobility only in the Short Distance Charging Area (SDCA).

1.3.3 Roll out Obligation: The roll out obligations mentioned in the licenses is different in case of BSOs as compared with CMSPs.

1.3.4 Performance Bank Guarantee (PBG): The PBG for BSOs is much higher when compared with CMSPs.

1.3.5 Spectrum allocation procedure and the allotted spectrum are different for BSOs and CMSPs.

Along with these, there are some other issues pertaining to interconnection, Numbering etc. that have also been raised in the paper.

1.4 Another important issue on which the opinion of stakeholders has been invited are the terms & conditions for consolidation in the industry and the need to have a Guideline to check dominance in the industry. Mergers and Acquisition have been quite common in the industry over the recent years. However, intra-circle Mergers, which are of a horizontal nature have not been permitted so far. Creation of a unified license would result in a larger number of players offering the same basket of services, and may lead to the need of allowing intra-circle mergers and acquisitions. However, it is extremely important that under no circumstances such events should result in substantial lessening of competition. The paper mentions some of the best international practices on the subject and invites the comments of the stakeholders.

1.5 The Consultation Paper has been placed on TRAI's web-site (<http://www.trai.gov.in/>) and comments of stakeholders have been invited by 7th August 2003.