New Telecom Sector Guidelines

What is the issue?

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- Telecom Regulatory Authority of India (TRAI) is reviewing whether the in-band spectrum cap of 50% should be relaxed.
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- It is also considering raising the overall spectrum holding by an operator from the current maximum of 25%.
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What were opinions of the telecom service providers?

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- In 2015, a majority of telecom companies had wanted both the overall cap and the in band cap to continue.
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- Subsequently, the cap on spectrum holding that a service provider might acquire through auction or otherwise was retained.
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- The regulator reasoned that retaining the cap was to ensure a level playing field and prevent the emergence of monopolies.
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- A consultation process between the regulator and the companies has brought to the fore, sharp divisions within the industry.
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- It is now up to the regulator to take a call.
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How does the future look?

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- The dynamics of the telecom sector have changed considerably since 2015

and India is heading towards a technology-neutral era.
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- Hence, any policy guidelines linked to band-specific spectrum holding may be limiting for the industry and the consumer.
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- But the present review is on the behest of an inter-ministerial committee that wants to address the financial stress in the sector.
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- Hence, the declining telecom profitability and the consolidation in the sector should be factored in decisions.
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- The regulator should be very conscious that its recommendation doesn’t end up disrupting the sector further.
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- Notably, currently, most telecom companies aren’t keen on enhancing their spectrum holding.
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Source: Business Line

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