

SANJEEVI YOGA HEALTH CARE TRUST

To:
Shri Nripendra Mishra
Chairman
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi - 110002

Sub: TRAI consultation paper on 'Review of license terms and conditions and capping of number of access providers'

Dear Sir,

The telecom sector is one of the major success stories in India. Over the last 10 years Indian telecom industry has witnessed phenomenal growth with telecom penetration increasing from as low as 1.3% in 1996 to nearly 19% in 2007. Greater access to telecommunications services has been one of the key drivers for industrial growth, increased incomes, improved awareness as well as overall economic prosperity in our country.

The key factor that has fueled this telecom growth has been the progressive policies of the telecom regulator that has resulted in entry of private players and significant levels of FDI in the industry.

The benefits of increased competition in the market are evident to all. Subscriber growth in India at the rate of about over 5 million subscribers per month is the highest in the world. In addition charge per minute for a voice call is amongst the lowest in the world. Further, the forces of free market have created a situation where mobile has become a necessary accessory for our citizens in many parts of our country.

After having witnessed the unprecedented growth in the industry, the proposal by TRAI to cap the number of licenses is not just ill-advised but also ill-timed and retrograde. Putting a cap on the number of service providers will surely restrict competition and be detrimental to the future growth of telecom services in the country.

The market capitalization of major telecom players like Bharti has reached \$ 40 Billion. This figure is expected to touch US \$ 80-90 bn in the next 2-3 years. With such a rapid growth these telecom companies shall soon become economic behemoths leading to concentration of wealth in a few hands and monopoly / cartelization trends. This may result in these companies having undue sway over policy making and who knows, perhaps in all aspects of our economy. After being witness to the liberalization of economic policies over the last decade, do we now want to go back to the era of license raj when few mega corporations controlled this country?

It is also a matter of grave concern that the government has assigned additional spectrum (valued at about Rs 1300 crores) to some operators resulting in public money being given away to fill the coffers of these mega corporations. In this backdrop, limiting the number of new operators and handing over the market to these mega corporations will be completely against the interests of the country.

It has to be noted that while telecom penetration in India has reached 19%, there is insignificant penetration in the rural areas. (While urban penetration is 48%, penetration in rural India is merely 6%). There is no doubt that our rural populace have been left behind in the telecom revolution sweeping the country. This is a clear indication of the reluctance of existing private players to serve the backward and under served sections of the country. The growing digital divide between urban and rural India is resulting in the rural population not being able to reap the developmental benefits that come in tandem with access to information and communication technologies (ICT). It is indeed unfortunate that this is deepening the already sharp divide between the haves and have-nots in India.

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This urgency of the situation has been emphasized in the "Bharat Nirman Plan" that is driven by the Prime Minister's Office, wherein one of six objectives of the project is telephone connectivity in every village by Nov'2007. There is no doubt that we will not be able to meet the Bharat Nirman goals without introduction of new players.

To ensure rapid rural penetration it is thus imperative to encourage more players in the market. Increased competition shall lead to shift in operator focus towards penetration in rural markets.

While the telecom tariffs in the India are lowest in the world, the fall has happened over a period of time and was triggered by increase in competition. However growing operating profit margins of telecom companies indicates falling operating costs for the operator and the fact that there is room for tariffs to go down further. This shall make telecom services affordable for those segments of the market which do not have access to it at current tariff levels. If number of players were restricted, mergers and acquisitions shall leave only 3-4 major players in the market. These players will then resist further fall in tariffs thus applying brakes on the rate of telecom growth. It could also lead to a situation wherein the market witnesses an increase in tariffs as reduced number of players shall leave customers with little choice with respect to service providers. This will be detrimental to the interests of the common man and industry in general. The sole focus of the regulator should be to promote competition in the market by encouraging as many new players in the market as is possible.

The country would be staring at unmitigated disaster if the telecom sector were to be left in the clutches of a few monopolistic mega corporations. Hence, considering the strategic importance of this sector and its criticality to the development of the rural and under privileged areas, it is imperative that more and more number of operators be encouraged in this sector.

We urge TRAI to keep the interest of public at large in mind and in light of the issues discussed above make suitable recommendations to the Government of India.

Yours Faithfully,
For **SANJEEVI YOGA HEALTH CARE TRUST**


Authorized Signatory