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Telecom Regulatory Authority of India (TRAI)

Sub: Ericsson India's response to TRAI's consultation paper on tariff issues in telecom services

Ref: Consultation Paper No. 22/2019 dated 17 December 2019

Dear Sir,

We welcome the initiative from TRAI to set up a consultation process on tariff issues of telecom services.

The government of India has rightly set up a very ambitious goal of a 1 trillion USD digital economy out of an overall economy of 5 trillion USD by 2025. The National Digital Communication Policy of 2018 aims to accomplish key strategic objectives by 2022 including provisioning of broadband for all, increasing contribution of digital communications sector to 8% of the GDP and propelling India to top 50 nations in the ICT Development Index of ITU. NDCP 2018 has three major missions including Connecting India by creating a robust digital communications infrastructure, Propelling India by enabling next generation technologies and services through investments, innovation and IPR generation and Securing India by ensuring sovereignty, safety and security of digital communications. NDCP also aims to garner 100 billion USD of fresh investments into the Indian digital communications sector and provide universal broadband connectivity at 50 Mbps to every citizen of India.

All the above objectives and missions can be met only when we have a financially viable, growing and sustainable telecommunications sector. But the reality is that the very foundation and infrastructure of the digital economy i.e. the Indian mobile telecommunications sector which is the sole voice and data connectivity provider for over 1.3 billion Indians is today finding itself staring at an uncertain future.

The situation warrants that immediate measures are taken to improve the financial health of the sector so that the industry can stand back on its feet, regain the trust and confidence of both consumers & investors alike which is critical for its next phase of growth.



There is a clear market trend where Indian operators' revenues and profits are falling while data and voice consumption by Indian consumers are increasing. To ensure that the sector remains financially viable there are only two options. One is to reduce costs or the other is to increase revenues. To prevent India falling behind other nations and regions when it comes to rolling out 5G, policymakers need to adjust spectrum and infrastructure policies to alleviate the financial burdens on mobile operators including reducing the prices of access and backhaul spectrum and reducing regulatory hurdles to site buildouts. However existing rules and policies give very little leeway for the government or regulator to take above measures. The only option left is to look at increasing the revenues through a floor price model.

India is a 1.3 billion subscriber market with 4 operators today. This market structure is a very good one wherein it provides a significant critical mass of subscribers for every operator to make their business viable for a large market like India. It allows for a healthy ecosystem of technology suppliers, vendors, service providers, infrastructure providers, manpower providers and many other businesses that are serving the Indian telecom sector. All efforts should be made to ensure continuation of this market structure by all concerned.

As the world rolls out 5G and other emerging technologies like IoT, M2M, AI and private networks, India cannot afford to be left behind. Our economy and society demand a robust and viable digital communications infrastructure. It is calling for 5G. One of the fundamental prerequisites for successfully digitizing a society is to have a reliable, high-quality mobile network infrastructure in place. Indian government's strategies need to factor in the importance of digital communications and 5G. Mobile connectivity has become an essential enabler of economic growth, delivering major benefits well beyond the mobile and broader communications sectors - and India can't afford to miss out.

We whole heartedly support this consultation approach of TRAI to discuss the tariff issues of telecom services. We have full confidence in the Indian administration and the Indian regulator to take all necessary measures to ensure the long-term sustainability and viability of this critical sector.

Thanking you,

With warm regards

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## About us

Ericsson is one of the leading providers of Information and Communication Technology (ICT) to service providers, with about 40% of the world's mobile traffic carried through our networks. We enable the full value of connectivity by creating game-changing technology and services that are easy to use, adopt and scale, making our customers successful in a fully connected world. For more than 140 years, our ideas, technology and people have changed the world: real turning points that have transformed lives, industries and society as a whole.