

D.O.No.101-5/2003-MN  
February 20, 2003.

Dear Shri Vaish,

This has reference to Department of Telecommunications (DOT) letter No.842-419/2002-VAS dated December 24, 2002 seeking the recommendations of TRAI on the issue of fresh licenses to Cellular Mobile Service Providers (CMSPs). While examining the possibility of inducting additional CMSPs in various service areas, the following issues need to be addressed indepth :-

- i. TRAI in its previous recommendations dated 24<sup>th</sup> October, 2000 relating to the entry of the fourth cellular mobile service provider had stated that in various service areas additional spectrum, if available, should be given to the existing operators to enable them to provide service in a more cost effective manner. This recommendation was made by the Authority to address the problem faced by existing players relating to engineering an optimal network which could meet the QOS norms specified by the Authority in its QOS Regulation. Eventually, sustaining competition requires that the existing players are able to function in an efficient manner with adequate bandwidth and are able to build a network without avoidable investment. In this context, the Authority has gathered information relating to cellular mobile services. The same is annexed. From the annexure, it is seen that existing cellular operators in India have much less spectrum allocation in comparison to their counterparts in other countries. This imposes a needless constraint on them in respect to both QOS/optimal network engineering.
- ii. In the light of what has been stated in pre-paras, TRAI's view remains unchanged that both these objectives of increasing competition on the one hand and improving the quality, coverage and price-efficiency of the service on the other will have to be achieved so that the larger objective of providing quality services at affordable prices is not jeopardized.
- iii. In most of the circles four CMSPs including BSNL/MTNL have been licensed. With the entry of private basic service operators and the offering of WLL(M) services by them there are at least two basic service operators licensed to offer limited mobility service in different service areas. With this there are four CMSPs and at least two BSOs offering limited mobile services to the customers. However, while there is no limit in principle to the number of BSOs who can enter, the offering of WLL(M) service would be limited by availability of spectrum.

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- iv. The relevant extracts of NFAP 2002 dealing with allocation of frequency spectrum for cellular mobile services are enclosed. These indicate that cellular mobile telephone system may be co-ordinated for (10+10) MHz in the frequency band 1710-1785 MHz paired with 1805-1880 MHz and additional (10+10) MHz may be co-ordinated for WLL systems in these frequency bands on a case by case basis. This allocation suggests that (75+75) MHz in 1710-1785/1805-1880 MHz band is not exclusively for cellular mobile services as indicated in DOT's above referred letter. You may like to clarify this issue.
- v. The delay in allotment of frequency of operations to 4<sup>th</sup> cellular operator, the interference from WLL CDMA transmitters to existing GSM cellular operators in various service areas and the pending unsatisfied demand of additional spectrum by various cellular operators also indicate prevailing spectrum constraints even to the existing CMSPs.

2. As is known TRAI is in favour of open competition in the different segments of Indian telecommunication market and has recommended accordingly to the Government in respect of the different services. However, in the light of the foregoing, in respect of the cellular mobile services there has to be a clear view on the quantum of additional spectrum which could be allocated to GSM Cellular services. TRAI is of the opinion that induction of additional mobile service providers in various service areas can be considered if there is adequate availability of spectrum for the existing service providers as well as for the new players, if permitted. As stated in para 1 (i) above what is of utmost importance is that adequate quality of service is ensured in this fast growing segment of the market.

With best regards,

Yours sincerely,

(M.S.Verma)

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