



# COAI INDUSTRY REPORT

**April 2008**

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## I. SUBSCRIBER FIGURES

- 8.21 million Wireless Subscribers added in April 2008.
- Broadband subscribers cross 4 million mark.
- Tele-density reaches 26.89% mark.

	Subscribers in mn	
	Mar’08	Apr’08
<b>Wireline</b>	39.42	39.21
<b>Wireless</b>	261.09	269.30
<b>Total</b>	300.51	308.51

Source: TRAI

- The GSM subscribers reached the 200 million mark.

	Subscribers in mn	
	Mar’08	Apr’08
<b>GSM</b>	192.69	199.18
<b>CDMA</b>	63.51	65.25

Source: COAI & AUSPI

	Subscribers in mn	
	Mar’08	Apr’08
<b>Broadband</b>	3.90	4.01

Source: TRAI

## II. RURAL SUBSCRIBERS

	Subscribers in mn	
	Mar’08	Apr’08
<b>GSM</b>	40.17	42.5

Source: COAI

## III. TELEDENSITY

	%	
	Mar’08	Apr’08
<b>Total</b>	26.22	26.89

Source: TRAI

## IV. SPECTRUM ALLOTMENTS

**April 12, 2008** – CDMA Spectrum (Initial) to Shyam in 9 Circles: Tamil Nadu (including Chennai), West Bengal, UP (E), UP(W), Himachal Pradesh, Madhya Pradesh, Bihar & Haryana.

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CDMA Spectrum (Initial) to Reliance Infocomm in North East

CDMA Spectrum (Initial) to TTSL in 3 Circles: North East, Assam & Jammu & Kashmir

**April 17, 2008** – GSM Spectrum (Initial) in Tamil Nadu Circle to TTSL (Crossover)

**April 23, 2008** – GSM Spectrum (Initial) in Orissa to Datacom, Loop, and Idea

GSM Spectrum (Initial) in Tamil Nadu to Unitech, Loop, Datacomm, Idea and Swan.

**April 25, 2008** – GSM Spectrum (Initial) in Orissa Circle to Datacom, Idea, Loop Telecom, Unitech & Swan

**April 28, 2008** – GSM Spectrum (2 MHz) in Tamil Nadu Circle to Bharti Airtel

*Source: Media Reports*

## **V. DOT GUIDELINES ON INFRASTRUCTURE SHARING**

**On April 01, 2008** DoT issued Guidelines on Infrastructure Sharing in India with the objective to facilitate further reduction in tariff, and to enhance the teledensity including rural areas. Given below is a brief summary of these guidelines:

- Active infra sharing except for spectrum sharing has been permitted.
- Infrastructure Providers (IP) Category-I are allowed to seek SACFA siting clearance for erecting towers with or without agreement with licensed Service Providers.
- SACFA procedure has being further simplified to reduce the time for SACFA clearance to about 45 days.
- For giving financial incentives on the infrastructure sharing in the urban areas, State Governments shall be requested to charge same amounts for setting up of the shared tower at par with unshared tower.
- For giving financial incentives for infrastructure sharing in rural areas, all the eligible Service Providers/ Infrastructure Providers (IP) Category-I shall be permitted to participate in the forthcoming scheme of

USOF on infrastructure sharing irrespective of the fact they were beneficiary in the first phase of the scheme of infrastructure sharing within that particular area.

- To encourage concept of infrastructure sharing in rural and remote areas, no subsidy shall be paid if newly erected tower is not shared.

Click here to download the guidelines:

<http://www.dot.gov.in/2008/Guidelines%20on%20Infra%20structure%20Sharing.pdf>

## **VI. TRAI SUPPORTS PAN INDIA IMPLEMENTATION OF MNP**

**On April 11, 2008** TRAI forwarded an interim report to DoT along with the draft Request for Proposal (RFP) for selection of an operator which will be licensed for providing and operating end to end MNP solution in India.

Based on the interim report of the Steering Committee, the Authority has taken the following key decisions:

- The MCHA and NPDB will be owned and operated by one legal entity (Neutral Third Party), which will be licensed by DoT through a competitive bidding process.
- The Neutral third party/ MNP vendor will not have substantial equity directly or indirectly in any of the telecom service provider in India. Similarly any telecom service provider will not have substantial equity, directly or indirectly in the company. Substantial equity here means 'equity of 10% or more'.
- The selection of the Company for implementation of MNP will be based on technical and financial evaluation of the bid. Financial bid(s), shall be opened only for those companies who qualify in the evaluation of the technical bids. *The selection of the company will be based on lowest quoted rates of per port transaction fees inclusive of all charges / expenditures.*
- The applicant company shall have a minimum paid up capital of an amount Rs 10 Crores on the date of the application and a combined net worth of Rs 100 Crores.
- The company should have implemented and operating successfully a similar project of providing end to end MNP solution for a subscriber base of not less than **25 million**

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**subscribers** in one or more countries put together for a period of at **least 2 years** in the date of bidding.

- FDI limits for this neutral third party will be as per service licence conditions i.e. 74 %,
- Respective Access/long distance operators will bear the cost of upgradation of their networks.
- There will be ‘break before make’ arrangement for completion of porting process i.e. connection from donor network to be disconnected first and then connection with recipient network will be made. However, efforts should be made so that break period should not be for more than two (2) hours.
- The cost for setting up and running of the MCHA & NPDB will be borne by the MNP licensee who shall recover it in the form of port transaction fee from service providers.
- TRAI, also, has recommended country wide implementation of MNP by June 2009.

*Click here to download the press release*  
<http://www.trai.gov.in/trai/upload/PressReleases/556/pr11april08no34.pdf>

## **VII. PRIVATE MOBILE OPERATORS KICKED OFF “RURAL CHALO” CAMPAIGN**

**On April 21, 2008** all the private mobile service providers came together on a common platform to announce a unique initiative to give a special thrust to rural telephony in order to help achieve the key objective of the Government to reach the benefits of mobile telephony to rural India.

With effect **from May 01, 2008**, the mobile service providers have started giving each new rural subscriber an up-front discount of Rs. 50 on the tariff package and further an amount of Rs 75 would be passed on as free talk time/usage in two or three installments spread over 6 to 9 months..

It was expected that this benefit of Rs 125 which is being offered to new rural subscribers would strongly incentivise both the take-up as well as the usage of mobile service in rural areas and thus help meet the rural telephony objectives of the Government.

In the first phase, the program is expected to cover 50 millions new rural subscriber acquisitions.

*Click here to download the press release:*  
<http://coai.in/docs/PRESS%20RELEASE-rural%20chalo.pdf>

## **VIII. DOT GUIDELINES ON MERGERS AND ACQUISITIONS**

**On April 22, 2008** TRAI released Guidelines for intra service area Merger of Cellular Mobile Telephone Service (CMTS)/ Unified Access Services (UAS) Licences. Key extracts of the guidelines are given below:

- Prior approval of the Department of Telecommunications shall be necessary for merger of the licence.
- Merger of licences shall be restricted to the same service area.
- Merger of licence(s) shall be permitted in the following category of licences:
  - CMTS Licence with CMTS Licence;
  - UASL with UASL;
  - CMTS Licence with Unified UASL

Merged licences in all the categories above shall be in UASL category only.

- The market share of merged entity in the relevant market shall not be greater than 40% either in terms of subscriber base separately for wireless as well as wireline subscriber base or in terms of Adjusted Gross Revenue.
- No M&A activity shall be allowed if the number of UAS/CMTS access service providers reduces below four in the relevant market consequent upon such an M&A activity under consideration.
- Consequent upon the Merger of licences in a service area, the post merger licensee entity shall be entitled to the total amount of spectrum held by the merging entities, subject to the condition that after merger, licensee shall meet, within a period of 3 months from date of approval of merger by the Licensor, the prevailing spectrum allocation criterion separately for GSM & CDMA technologies, as in case of any other UAS/CMTS licensee(s).

In case of failure to meet the spectrum allocation criterion in the above mentioned period of 3 months, post merger Licensee shall surrender the excess spectrum, if any, failing which it may be treated as violation of terms & conditions of the

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licence agreement and action accordingly shall be taken. In addition, after the expiry of above mentioned period of 3 months, the applicable rate of spectrum charge shall be doubled every 3 months in case of excess spectrum held by post merger licensee.

- On merger, spectrum enhancement charge shall also be charged as applicable in case of any other UAS/CMTS licensee.
- All dues, if any, relating to the licence of the merging entities in that given service area, will have to be cleared by either of the two licensees before issue of the permission for merger of licences.
- The annual license fee and the spectrum charge are paid as a certain specified percentage of the AGR of the licensee. On the merger of the two licenses, the AGR of the two entities will also be merged and the license fee will be therefore levied at the specified rate for that service area on the resultant total AGR. Similarly, for the purpose of payment of the spectrum charge, the spectrum held by the two licensees will be added/merged and the annual spectrum charge will be at the prescribed rate applicable on this total spectrum. However, in case of holding of spectrum for various technologies by the entity subsequent to M&A, spectrum charges & license fee etc. or any other criterion being followed by the licensor shall be applicable as in case of any other UAS/CMTS licensee.
- For regulating acquisitions of equity stake of one access services licensee Company/ legal person/promoter company in the enterprise of another access services licensee in the same license area, present guidelines on Substantial Equity shall continue i.e.

*“No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one LICENSEE Company in the same service area for the Access Services namely; Basic, Cellular and Unified Access Service. ‘Substantial equity’ herein will mean ‘an equity of 10% or more’. A promoter company/ Legal person cannot have stakes in more than one LICENSEE Company for the same service area.”*

*Click here to download the press release*  
<http://www.dot.gov.in/as/2008/M&A%20Guidelines%20issued%20on%2022-4-2008.pdf>

#### **IX. TRAI RECOMMENDATIONS ON ‘TERMS AND CONDITIONS FOR PUBLICATION OF AN INTEGRATED TELEPHONE DIRECTORY FOR FIXED LINE PHONES’**

**On April 24, 2008** TRAI submitted its recommendations to the Government on terms and conditions for publication of Integrated Telephone Directory for Fixed Line Telephones. The salient features of the recommendations were:

- Directory printing to be undertaken through authorization of selected agency on license service area basis.
- Directory of fixed line telephone to be printed on a triennial basis. Main Directory in the first year and Supplementaries at one year interval.
- Only one authorized agency up to first six years.
- Selection through an open bid from amongst the experienced printers of telephone directories.
- ‘Opt-out’ approach to be followed by telephone subscribers. For new customers provision for option in the enrolment form to be made by operators.
- Telephone Directory to be priced in accordance with selection criteria.

Further, TRAI also formulated guidelines for printing of integrated telephone directory SSA-wise for fixed line telephones.

*Click here to download the press release*  
<http://www.trai.gov.in/trai/upload/PressReleases/563/pr24apr08no41.pdf>

#### **X. TRAI REITERATED ITS STAND ON PERMITTING ONLY EXISTING LICENSEES FOR THE ALLOCATION OF 3G SPECTRUM**

**On April 25, 2008** TRAI reiterated its stand on Permitting only existing licensees for the Allocation of 3G Spectrum. The Authority has revisited its earlier recommendations on the DoT reference and after due Deliberations gives following recommendations:

- The auction for 3G licensees should be restricted to existing UAS/CMTS licensees.
- The spectrum module for auction should be 2x5 MHz.

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- The auction mode as recommended earlier may be accepted. The total availability of spectrum should be made public at the stage of the auction so that the bidders are fully aware regarding the first and subsequent phase of allocation on the price determined by the auction.
- It is conceivable that the total quantum of spectrum required for the existing Licensees may not be available in one lot. It was in this context that the Authority had recommended that those who do not get accommodated in the first phase will be placed in the queue and will be allotted spectrum as and when available on the same terms and conditions as granted to the licensees in the first phase.
- In view of the future expected technological advancements, the Authority Recommends a review after three years.

*Click here to download the Press Release*  
<http://www.trai.gov.in/trai/upload/PressReleases/567/recom25apr08.pdf>

#### **XI. SC RULING ON 'UNLIMITED CORDLESS' AND 'WALKY' SERVICES**

**On April 30 2008** the Hon'ble Supreme Court ruled that 'Unlimited Cordless' and 'Walky' services offered by the two companies Reliance Communications (RCOM) and Tata Teleservices (TTSL), were equivalent to wireless services and hence, the telcos were bound to pay Access Deficit Charge (ADC) to BSNL. This implies that both RCOM and the Tatas have to pay BSNL a combined total of Rs 700 crore towards the ADC levy. RCOM's share will be about Rs 400 crore and TTSL's Rs 300 crore.

In 2005, the Hon'ble TDSAT, too had ruled that 'Unlimited Cordless' and 'Walky' were mobile services and not fixed line as claimed by both companies and had directed them to pay ADC, but RCOM and Tatas had challenged the Tribunal's decision in the SC. The Tribunal had also justified its stance saying that the services — Walky, for instance — were capable of operating outside one's premises within the short-distance calling area and therefore, must be treated as a Wireless in Local Loop Mobile (WLL-M) phone and not as a fixed line.

The SC bench headed by Justice HS Kapadia dismissed the Tata Teleservices and RCOM's petitions and upheld the telecom Tribunal order of September 2005, which held that these services are not fixed line telephones, but are limited mobile services.

#### **XII. TARIFF CHANGES BY THE OPERATORS**

**Bharti Airtel** with effect from **April 30, 2008** slashed STD and roaming tariffs for its over 62 million customers, triggering expectations of similar announcements by its competitors. Airtel reduced its STD rates by 43% to Re 1.50/minute from the earlier rate of Re 2.65/ minute.

Airtel also aligned roaming rates closer to local call rates. Airtel customers would pay Re 1/minute to receive a call while roaming as compared to Re 1.75/minute earlier. While roaming, Airtel customers can make an outgoing local call at Re 1/minute and an STD call at Re 1.50/minute.

**Bharat Sanchar Nigam Limited** slashed the charges fixed for its landline and Wireless in Local Loop (WLL) connections with effect from **May 01, 2008**.

As per the new plans, urban customers who were paying Rs.180 and Rs.120 as monthly fixed charges, could opt for Annual Plan Rs.1,200. In this plan, the customers would have to pay just Rs.1,200 only towards annual fixed charges. No monthly or bimonthly fixed charges would be collected in the bill. The usual free calls of 50 per month could also be availed.

Rural area customers who were paying Rs.150 and Rs.110 as monthly charges could avail Annual Plan 600. The customers opting for this plan would have to pay Rs.600 as advance annual rent. Free calls would be Rs. 30 per month. For every additional call beyond free calls, 80 paise will be charged per unit.

*Source: Media Reports*

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