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COAI letter to DoT alleges spectrum revenue loss

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NEW DELHI: Fresh spectrum trouble is brewing, with GSM operators alleging a revenue loss of Rs 14,823 crore (\$3 billion) on account of CDMA players providing EVDO services in their assigned 800 MHz CDMA spectrum band, without acquiring spectrum designated for EVDO through the auction route. In simple terms, EVDO services are the same as 3G or high data-use services, except that EVDO applies to CDMA technology while 3G is the GSM equivalent.

GSM lobby group COAI has shot off a formal, legally-worded complaint on the matter to DoT secretary R Chandrashekhar, marked to telecom minister Kapil Sibal, PM, FM, the CAG, Cabinet secretary, CVC, Trai chairman and deputy chairman of the Planning Commission. Incidentally, the allegations pertain to August 2008 onwards, which also falls within jailed ex-telecom minister A Raja's term.

This move shatters the fragile peace between GSM and CDMA/dual technology operators in the last few years, forced upon them on account of the fact that both sides were allegedly beneficiaries of the 2G scam.

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These companies, for the first time in the eight years since the infamous limited mobility fight of 2002-03, are now pitched in a face-to-face battle.

According to sources, the trigger for this new war is the escalation of allegations by CDMA players that GSM players are violating regulation by entering into intra-circle 3G roaming agreements. This could trigger potential legal action and stiff penalties on GSM firms.

The letter points to DoT's August 2008 guidelines on auction and allotment of spectrum for 3G telecom services, which required that "spectrum should be auctioned in the 450 MHz band, in 800 MHz band for EVDO services, and in the 1900 MHz band when it becomes available." When the actual 3G auctions took place in 2010, "auction of 1.2 MHz carrier in 800 MHz for EVDO services was not a part of the auction process and this was clarified by the DoT in response to the questions raised in the notice inviting applications."

GSM operators, citing further sections of the 3G-related DoT guidelines and the Trai's exchange with the DoT of January 2009, allege that, "EVDO services could have been provided only after the payment of the amount discovered through 3G auction and subsequent allocation of 1.2 MHz. But the CDMA/dual technology spectrum operators are offering EVDO services without paying these charges." The GSM operators' worry goes beyond "huge loss to the government exchequer" to the fact that this alleged indulgence of the government has "given the dual technology spectrum operators a significant anti-competitive advantage."

Basing their calculations on pro-rata 3G rates, assuming a single carrier of 1.25 MHz in the 800 MHz band is being used for EVDO services, the COAI estimates that Rs 14,823 crore of revenue is due to the government. The letter clarifies that the "bid made by operators for 3G was with the clear understanding that the auction of 800 MHz for EVDO was not the part of current auction and a specific carrier to provide EVDO service is not yet assigned." GSM operators urge the DoT "to intervene in the matter and take appropriate action against such operators by applying a pro-rata 3G rate to the spectrum being used to offer EVDO services." Dismissing these allegations, a source close to the GDMA group of operators said CDMA firms were well within their right to offer EVDO services and would issue a formal retaliation on Monday.

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