

Government to issue detailed guidelines for sharing spectrum before auctions

By [Anandita Singh Mankotia](#), ET Bureau | 8 Oct, 2013, 04.00AM IST

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NEW DELHI: The government is likely to issue detailed guidelines for sharing spectrum and announce "in principle" approval for trading in airwaves before it holds the next round of bandwidth auctions, moves that will bring relief to the debt-laden telecom sector.

At a meeting last Thursday, the [Telecom Commission](#) accepted the recommendations made by the [Telecom Regulatory Authority of India](#) (Trai) on September 9 that the government must outline the framework for sharing of airwaves by operators before it begins the auctions, as per the minutes of the meeting seen by ET. The Telecom Commission is the highest decision-making body in the telecom department.

A separate internal DoT note, also reviewed by ET, showed the government is planning to start bandwidth auctions in the 800 MHz, 900 MHz and 1800 MHz bands from January 7, 2014.



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Trai's Proposals
ON TRADING

- OUTRIGHT** transfer of spectrum be permitted by govt
- TRADE** permitted only if spectrum bought at market price, else buyer must pay price to govt
- NO PRIOR** govt nod required. Can be notified after trade

1% TRANSFER fee to be paid to govt

TRADE PERMITTED only up to **50%** of total spectrum in the band and **25%** of total spectrum in service area

The Telecom Commission, while accepting the regulator's recommendation to permit "trading", has asked Trai to submit a comprehensive recommendation on how to conduct the buying and selling of an intangible asset.

The move will have far-reaching consequences for the sector as it will pave the way for operators to sell rights to unutilised spectrum and share "the airwaves with each other" allowing for "spectral efficiency", which in turn will improve the delivery of services over their networks. Trading in spectrum will also permit operators to exit the sector by selling spectrum. The telecom regulator highlighted in its recommendations on spectrum pricing that currently there is no exit route for operators who bought spectrum through auctions, citing the sale of 3G and broadband wireless access (BWA) spectrum in 2010.

A telecom operator can't sell the spectrum back to the government or to another telecom operator. Hence, the regulator noted, an operator looking to exit had no option but to forfeit the auction price paid.

"The news is progressive for the industry and allowing trading and sharing can effectively change the entire dynamics of the telecom industry," said Prashant Singhal of consultancy firm EY.

The likely moves will bring relief to the telecom industry, which has been clamouring for clarity on sharing and trading of spectrum,

especially foreign investors who have been demanding a road map for consolidation.

Trading in spectrum should be allowed to facilitate [mergers and acquisitions](#) in the country, [Vodafone India](#) Chief Executive [Marten Pieters](#) told ET in an interview. "The problem is asset trading is not allowed under current rules. Spectrum can't be traded, but the most value is in the spectrum," he said.

Norwegian operator Telenor's Asia head, Sigve Brekke, had earlier told ET: "For any consolidation to happen, the government will have to come out with a holistic policy which addresses trading, sharing and mergers and acquisitions," a view that has been reiterated by both foreign as well as domestic investors.

Experts say the guidelines on sharing spectrum could also resolve the longstanding dispute between the government and telecom operators over 3G intra-circle roaming arrangements.

"We will have to wait and see whether spectrum sharing is permitted in the 3G and 4G bands or not," Singhal said. He added that Trai's recommendations were silent on 3G and 4G spectrum sharing and only referred to sharing of spectrum in the 800 MHz, 900 MHz and 1800 MHz bands.

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