Member of Parliamentary Standing Committee on Personnel, Public Grievances, Law and Justice
Member of Consultative Committee of Parliament on External Affairs

सत्यमेव जयते

TARIQ ANWAR
MEMBER OF PARLIAMENT
*General Secretary*
NATIONALIST CONGRESS PARTY

NCP/TA/1398/2007

11th July, 2007

Dear Raja Saheb,

The Indian Telecom Sector has undoubtedly been one of the greatest success stories in the country - the liberalization of the sector in 1994 coupled with other progressive steps has today manifested in the nation having crossed two hundred million access connections, and emerge as one of the top five networks in the world. The overall tele-density of the nation has increased from a meager 1.3% in 1996 to the current levels of about 19%.

The sector is at a critical juncture today with the mobile subscriber base poised to record handsome gains in the news few years and reach around 400 million (by 2010) from 150 million subscribers today. The story thus far has been largely focused on urban India and is yet to percolate down to the rural areas, large portions of which continue to be bereft of the advantage of telecommunication services. In light of all this the recent consultation process initiated by TRAI on the issue of determining the number of Telecom service providers in each service area assumes a lot of significance.

Spectrum is the essential commodity and the scarce resource required for operation of mobile/wireless services. It is understood that spectrum, being a scarce resource, does limit the number of access providers in an area considering a given requirement of spectrum per operator. Hence, whilst the number of operators is limited by the spectrum available, no country explicitly lays down a cap on the number of access service providers.

In case the sector were dominated by only 3.4 players, competitive pressures to improve quality of service/ performance parameters and to contain prices/tariffs would significantly reduce. In the ultimate analysis, this may result in market concentration and monopoly/cartelization trends which would result in lesser choice for customers and eventually hurt the growth potential of this sector of national importance. Some oligopolistic trends have already been witnessed in the Indian wireless sector, which have adversely affected the growth of this sector. For instance, select GSM players such as Bharti Airtel, Hutch and Idea had come together and not slashed roaming tariffs recently.

Limiting the number of Telecom licensees is also likely to adversely impact the growth of broadband in India. Broadband internet across the world has improved access to information for ordinary citizens, increased education levels and helped bridge the rich-poor gap. While broadband penetration is currently low (about 25 lakhs), the government has set a target of 20 mn subscribers for 2010. With the capping of the number of players, it may become impossible to meet the broadband target.

**In this backdrop, there is a very strong case for India, with such high growth potentional, to leave the question of number of Telecom service providers to the unfettered play of market forces. On the other hand the Government should take steps to ensure that spectrum is made available to newer players entering the sector to ensure open market competition.**

The singular advantage that this approach provides is that it leaves the issue of business viability to the operator/applicant who can address the same based on the market prospects and their future vision. Any steps toward capping of the number of operators will also be against our National economic policy of promoting free market economy and doing away with curbs that existed during the Licensing regime.

I am sure that the Government will take all steps in ensuring that the growth in the telecom sector is not restricted by adopting anti competition measures which are against the interest of public at large.

**With regards,**

Yours sincerely,

(TARIQ ANWAR)

**Shri A. Raja,**
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New Delhi.

**Copy to : Shri Nripendra Mishra, Chairman, TRAI, New Delhi**

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