

Telecom Hotline

April 08, 2008

REVISED GUIDELINES ON INFRASTRUCTURE SHARING UNDER THE TELECOM SECTOR

INTRODUCTION

Amidst industry and governmental debate over spectrum allocation, Department of Telecommunication ("DoT") on April 1, 2008 accepted the recommendation of the Telecom Regulatory Authority of India ("TRAI") on sharing of active infrastructure by telecom service providers and Infrastructure Providers ("IP"). This decision would significantly impact costs along with the rapid development in the current mobile industry.

BRIEF BACKGROUND

With the robust growth in the telecom sector, DoT recognized the need for infrastructure sharing and thereby vide letter number 10-5/2006/AS-III/825 dated 8th November 2006 sought the views of the TRAI for providing appropriate regulations or amendments to the existing guidelines so as to encourage effective infrastructure sharing. TRAI on April 11, 2007 provided its recommendation on the same which lay emphasis upon the sharing of active as well as passive infrastructure.

Diligently taking note of these recommendations, DoT via amendments to the Universal Access Service License ("UASL") and Cellular Mobile Telecom Service ("CMTS") licenses brought upon changes in the existing regime by allowing sharing of passive infrastructure. However, the sharing of active infrastructure remained unaddressed

ACTIVE AND PASSIVE INFRASTRUCTURE

- **Active Infrastructure** - Consists of antennas, cables, radio access networks, transmission systems and other technical equipments which are required to transmit mobile calls.
- **Passive Infrastructure** - Includes towers/ masts, buildings, shelters, towers/masts, power supply, battery backup power equipment, air-conditioning etc.

NEW REGIME

DoT in a progressive step has approved the recommendations of TRAI on the sharing of active infrastructure. Thus telecom service providers will henceforth be free to share antennas, cables, radio access networks, transmission systems and other technical equipments required for providing mobile services.

SALIENT FEATURES OF THE REVISED GUIDELINES

- Sharing of active infrastructure permissible amongst service providers based on mutual contractual arrangements.
- Sharing would be limited to antenna, feeder cable, Node B, radio access network and transmission system only.
- Sharing of allocated spectrum not permitted.
- IP category-I are allowed to seek clearance for erecting towers with or without agreement with licensed service providers.
- No subsidy shall be paid if newly erected tower are not shared with the existing service providers.
- Reduction in the timeframe for the Standing Advisory Committee for Frequency Allocation ("SACFA") to clear applications for setting up of towers and other related infrastructure to 45 days from 90 days.
- Infrastructural sites located beyond 7 kms from Airport Reference Point ("ARP") with antenna height not exceeding 40 meters from airport level need only to be registered on Wireless Planning & Coordination ("WPC") website and clearance will be issued accordingly.
WPC – Is the national radio regulatory authority responsible for frequency spectrum management in India. WPC also issues licenses to establish, maintain and operate wireless stations.
- IP's will have to set up the infrastructure site(s) within one year from the date of signing of the agreement with Universal Services Obligation Fund ("USOF") if the subsidies under USOP need to be availed. Further, IP's and telecom service providers can jointly bid for projects undertaken by USOF.

USOF – A scheme introduced by the government of India to provide access to basic telecommunication services to people in the rural and remote areas at affordable prices along with grant of incentives to telecom operators.

KEY BENEFITS

These revised guidelines would effectively provide the following benefits -

1. With the revised policy, new entrants who are allotted spectrum by the WPC can easily launch their telecom

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services within a short period by taking the assistance of the existing active infrastructure of other telecom service providers.

The effects to the same are 2 folds –

- The new entrants will not have to incur huge infrastructural costs as the active infrastructure can be availed by the payment of a fee to the owners of the existing active infrastructure.
 - The entry of these new market players may also trigger off a tariff war, which could further result in the reduction of call rates, thereby benefiting end mobile users.
2. Active infrastructure sharing will also enable telecom operators to broad base their mobile services in areas where their own network coverage is not available. This would eventually benefit the subscribers with extended network coverage and the quality of service would be enhanced at nominal costs.
 3. The revised guidelines will boost the growth and development of the existing infrastructure and shall simultaneously lead to the generation of revenue for existing IP who are willing to share their active infrastructure.
 4. The penetration of mobile phones will extend to all parts of India, thereby significantly covering rural and remote areas where the coverage of mobile services are much lower as compared to the developed urban areas, thereby encouraging IP to share their infrastructure among regional telecom service providers.

CONCLUSION

These revised guidelines would not only be beneficial to the telecom industry but to the end users as well. However, there are industry concerns on whether the existing IP will be willing to share their active infrastructure with new market players as this in turn would directly increase competition. Barring the unaddressed issue on spectrum allocation the current move can be regarded as a **win - win** situation for the government and all market players which include telecom service providers / IP / mobile users.

- Huzefa Tavawalla & Vivek Kathpalia

Sources:

- Times of India dated April 2, 2008
 - The Economic Times, April 3, 2008
 - DNA, April 3, 2008
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