



July 6, 2007

The Chairperson
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg, New Delhi – 110 002

Kind Attn: Shri Nripendra Misra

Dear Sir,

Sub. : Response to TRAI consultation paper dated June 12, 2007 on license terms & conditions & capping of no. of access providers.

We wish to place certain facts for your consideration, which infact, predate the issues raised in Chapter 6 of the TRAI Consultation Paper.

Idea Cellular Ltd. (Idea) is a listed company operating mobile services, with over 16 mn subscribers in 11 Circles, holding paid-up licenses but without spectrum in 2 more Circles, and with pending UAS license applications for the balance 9 Circles. We now narrate a sequence of Government policy events, and their impact **uniquely** upon Idea.

1. Idea has played a pioneering role in the Indian telecom story
2. Post NTP'99, and prior to the UASL Policy of November 2003, the policy of the Government was to admit new operators only after ascertaining 'need and timing'.
3. Idea participated in the 4th CMSP license auction of 2002, was successful for Delhi, and lost in Karnataka and Chennai. At the time, the policy of the Government did not permit Idea, or any other operator, to match the winning bids and obtain licenses.
4. The UASL Policy of November 2003 changed the policy. The requirement of ascertaining 'need and timing' was discarded. The BSOs were permitted to match the CMSP 4th license winning bid, and operate mobile services as 5th and 6th operators, conferring an advantage hitherto unavailable to Idea.
5. The amended policy did allow companies like Idea to also pay the Entry Fee and become 7th or later operators. This was an implicit acknowledgement that companies like Idea could not, at the very least, be **further disadvantaged and denied their right to licenses** if they were interested.
6. **Crucially, however**, the UASL Policy of November 2003 momentarily **withdrew the application of License Clause 1.iii** restricting cross-holdings in the same Circle, **and then reinstated it**. Our JV partner had large holdings both in Idea, and also in their own fixed services company. The JV Partner availed the concession first given to them and converted fixed licenses to UAS licenses across India. The Government policy of providing a concession and a first opportunity to them had the unintended, **but inequitable effect** of blocking Idea's ability to expand, despite Idea having a prior and overriding right. Therefore, while apparently the UASL policy of the Government permitted new applications also from Idea, the peculiar treatment of license clause 1.iii rendered that inoperative, and that too **uniquely for Idea**.



R. Misra

7. As validation, new license applications by Idea in the post UASL regime were not progressed by the DoT due to non-conformance with the cross-holding requirement. The situation was eventually remedied only with the exit of the JV partner from Idea on 20-06-2006.
8. On 26.06.2006, and within 6 days of the exit of the JV partner, Idea made UASL license applications for the balance 9 Circles.
9. The pending application for Mumbai was finally cleared and the License issued on 06.12.2006, although still without spectrum. All the other 9 applications, we understand processed and complete in all respects, are awaiting a final clearance even 12 months after the application.

Submission

In summary, Idea has been a pioneering and large operator. Both in the pre-UASL regime and the post-UASL regime, it has demonstrated a record of wishing to pursue a nationwide footprint. The treatment of License Clause 1.iii by the Government has had the unintended but damaging effect of restricting Idea from pursuing its inherent right. This treatment has impacted Idea, and no other company. Despite having a prior and overriding claim, Idea is still awaiting licenses and spectrum, whereas later claimants have nationwide licenses. The right of Idea is based on **merit and justice**. For this reason, the pending license applications of Idea can not be treated on a par with other pending applications. Infact, notionally, Idea applications should predate the UASL policy.

National policy objectives are also best met by a true level playing field & a competitive national market served by national players, which is also in the interest of all consumers.

Sir, it is our submission that the TRAI recommendations should made a distinction where :

- a) an operator who has been & remains disadvantaged by the application of the UASL policy.
- b) an operator who is more than a quasi National operator with a deep & abiding commitment to the telecom sector

Such pending applications should be placed on a different footing & fall outside the purview of the policy recommendation.

Thanking you,

Yours faithfully,

For **IDEA Cellular Limited**



Rajat Mukarji

Chief Corporate Affairs Officer