

PRESS RELEASE

MARCH OF TECHNOLOGY: CDMA does an “about turn’ to GSM!

New Delhi, August 8, 2007....The wheel has come full circle. CDMA, which until four years ago was touted as the next best thing since sliced bread is now, once again, using all resources, hold your breath, this time to make a backdoor entry into GSM.

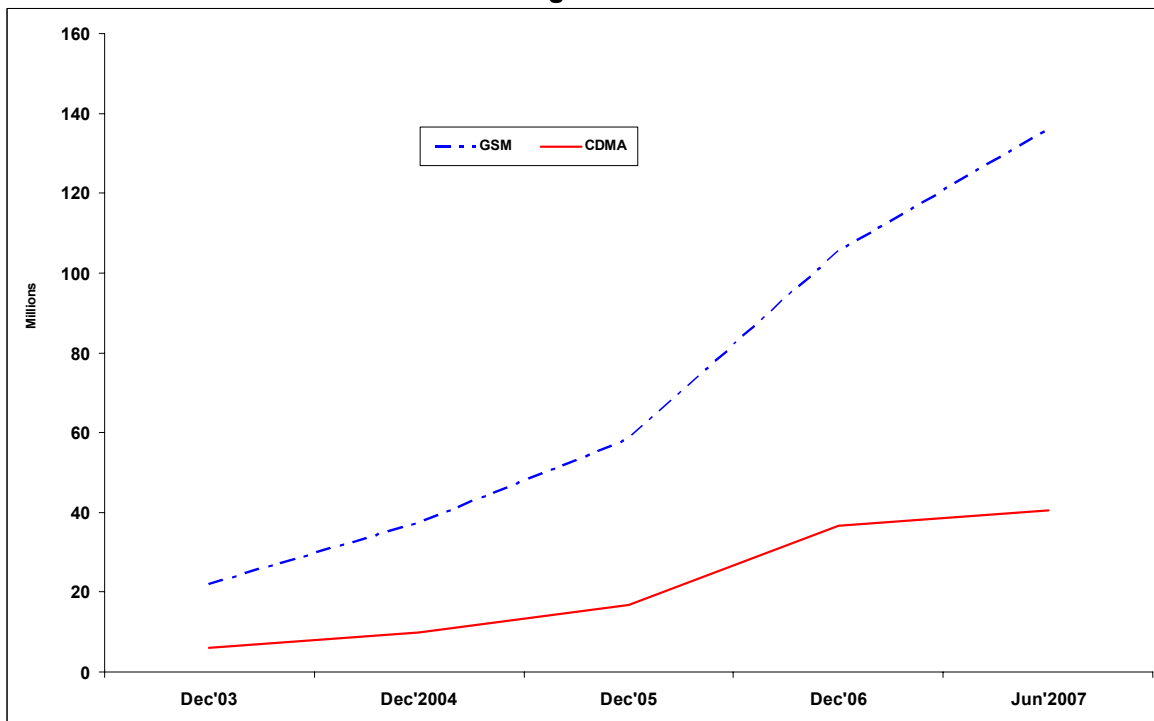
Mr. TV Ramachandran, Director General, COAI recalled the hoopla surrounding the backdoor entry of CDMA operators into full cellular mobility, when the country was tutored about the march of technology. He recalled how the so called limited mobility service had morphed into full blown cellular mobility which was first penalized and then regularized.

Cut to 2007. The superior CDMA technology appears to have lost some of its seductive charm as CDMA is now trying to enter GSM...again through the backdoor!!

The reason, the superior performance of GSM operators, both globally as well as in India. GSM is emerging as the technology of choice for the consumer. Given its advantages in terms of seamless roaming, inter-operability of systems and economies of scale, the GSM standard has outperformed and is widening the gap between GSM and CDMA.

The comparative growth of subscriber numbers in the Indian marketplace (see graph below) speaks for itself. Indian GSM subscribers have been growing at a brisk pace over the last several months, now routinely touching new peaks every month. GSM subscriber additions in July 2007 touched almost six million subscribers, another all time high.

Growth in Subscriber figures - India : GSM vs CDMA



Salvo 1, CDMA seeks permission for crossover allotment of spectrum under license. This resulted in a consultation paper being floated on the subject. But then, there are licensing and policy restrictions for crossover allotments and further, GSM spectrum is already spread very thinly across even the existing operators.

Salvo 2 : There are suddenly a flurry of allegations that GSM operators have been given too much spectrum, **license contracts do not permit allocations beyond 6.2MHz**, they have not paid for the spectrum, **spectrum is being doled away for free, – not just untrue, but strange that GSM operators who have been through global license auctions** in 1996 and 2001 are being preached the virtues of auction by operators who obtain their mobility licenses through the backdoor.

Mr. Ramachandran stated that the policy for initial spectrum allotment followed by need based tranches had not been introduced today. It has been in place since 2002 when the subscriber based link was prescribed for allotment of 8MHz spectrum. This Government policy has since been extended periodically to meet the requirements of subscriber growth. **To jog their memory, Mr. Ramachandran pointed out that the CDMA operators, through their Association (AUSPI), had actively participated and signed off on an exercise to determine these tranches way back in 2003 where an allotment of upto 15MHz per GSM operator was actually written into the High Level Committee Report** that was finalized under the chairmanship of Member (T) with the participation of both GSM as well as CDMA stakeholders.

He stated that **license expressly permitted additional spectrum to licensees based on usage, justification and availability and there was no cap on allotment.** He added that the **license provision** that no initial allotment will be more than 6.2MHz **was being deliberately twisted.** The policy, practice, and actual allotments, were a manifestation of the policy of the Government and the provisions of the license.

Mr. Ramachandran reiterated that just because there was no upfront charge, it did not mean that the GSM operators were not paying for the additional spectrum. In fact, the incremental charge for additional allotments meant that the **Government was actually recovering far more by way of usage charges** than it would have by levying a one-time fee. He stated that **GSM operators had already paid an extra Rs. 1800 crores** for the additional spectrum that had been allotted to them, and that that **these sums would increase exponentially as the revenues of the sector inevitably expanded.**

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