

## MINT

Relevant for: Science & Technology | Topic: Indigenization of technology and developing new technology

**NEW DELHI** : The government must keep reserve prices of 5G airwaves at least 50% lower than present levels, said telecom analysts. It must also consider a steeper cut for the 700 Mhz band, to ensure greater proliferation of 5G, as it will be the primary band for pan-India services, they said.

The base price is exceptionally high by international benchmarks and must be rationalized to derive the maximum benefit from the limited resource, the analysts said. This in turn will help economic growth, they contended.

"Rationalization of spectrum price for the 3,300-3,670 MHz band is key and some studies show that the pricing can be brought down by 40-50% of the reserve price," said Purushothaman KG, partner and telecom sector leader at KPMG in India.

The current base price of 5G spectrum in India, at 492 crore per Mhz, is about four times of that in Germany, six times of the UK, and seven times of that in South Korea. However, India's telecom service revenue is much lower than in these countries, said Prashant Singhal, global TMT emerging markets leader at EY. "To ensure robust participation in the auctions, the base price has to be rationalized. Globally, it is seen, with the right pricing, the entire quantum of 5G spectrum has been sold in auctions. Unsold spectrum is a waste of national resources," he said.

"To enable a faster rollout by the operators, a significant reduction in base price, along with availability of a wider range of bands, favourable payment terms and a longer licence period will lead to a market-discovered price, while balancing fiscal expectations of the government," said Jaideep Ghosh, chief operating officer, Shardul Amarchand Mangaldas and Co.

"There should be at least a 60-70% cut in the 700 MHz band base pricing," said a senior analyst, seeking anonymity. Telcos will need large swathes of bandwidth to offer pan-India 5G services, which will become more feasible if the spectrum is affordable, he said.

The Telecom Regulatory Authority of India (TRAI) is expected to announce its recommendations on the reserve price of 5G airwaves for 700 Mhz, 3.3-3.6GHz and other bands next week.

Pricing of 5G airwaves will be critical as telecom operators, including Bharti Airtel, Vodafone Idea, and Reliance Jio, will determine the quantum of airwaves they would like to buy on the basis of it. It will also determine the government's non-tax revenue earnings from the auctions.

According to CLSA, rising 4G penetration has led the growth of digital content and e-commerce, which has prompted the government to conduct the 5G spectrum auctions. Worldwide, 5G adoption has stepped up, with nearly half of the 700 million subscribers in China being 5G network users. "We recommend that the reserve price should be kept low and fixed at 50% of the valuation of spectrum. Being a capital-intensive sector, operators are burdened by insufficiency of funds and telecom infrastructure to provide pan-India network coverage. Making more spectrum available at an affordable price will expedite the 5G rollout," said S.P. Kochhar, director general, Cellular Operators Association of India.

Telecom operators have been seeking rationalization in prices, calling them prohibitive. They are also seeking better payment terms and longer moratorium periods. The technology has the ability to connect machines to machines, and the potential to address some basic challenges.

“Given this construct, substantial reduction in the 5G spectrum base price is required to boost the financial health of the sector to develop the 5G ecosystem in India,” Singhal said.

[Download](#) the App to get 14 days of unlimited access to Mint Premium absolutely free!

Log in to our website to save your bookmarks. It'll just take a moment.

Oops! Looks like you have exceeded the limit to bookmark the image. Remove some to bookmark this image.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

This is a subscriber only feature [Subscribe Now](#) to get daily updates on WhatsApp

**END**

Downloaded from [crackIAS.com](https://crackIAS.com)

© **Zuccess App** by [crackIAS.com](https://crackIAS.com)

CrackIAS