

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:1829
ANSWERED ON:22.08.2012
RESERVE PRICE FOR SPECTRUM
Das Gupta Shri Gurudas;Sivasami Shri C.;Tarai Shri Bibhu Prasad

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Empowered Group of Ministers (EGOMs) had recommended a reduction in the reserve price for 2G Spectrum auction as suggested by sector regulator TRAI;
- (b) if so, the details thereof and the reasons therefor;
- (c) the final rates and other terms and conditions fixed for the allocations of 2G Spectrum licenses to the operators;
- (d) whether the telecom operators have informed the Government that they would have to incur an additional expenditure of Rs. 1.25 lakh crore and write off assets worth Rs. 25,000 crore if the recommendations of TRAI to switch frequency bands for 2G services is to be implemented; and
- (e) . if so, the details thereof and the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) Yes, Madam.

(b) The EGoM has recommended reserve price for 1800 MHz band at Rs.14,000 crores for 5 MHz Pan India OR 15000 crore for 5 MHz Pan India and Reserve Price for 800 MHz band at 1.3 times that of 1800 MHz considering the following aspects:

The recommendations of the TRAI in the matter;

The difficulties that have been expressed by the banks/Financial Institutions (FIs) in advancing large quantum of funds to the sector at one go;

the fact that the reserve price is only the floor price, and that the final applicable one time charges for spectrum will be discovered through auction;

the desirability of keeping the reserve price at a level so as to encourage the participation of more players in the auction;

the fact that the total Government revenues from the auction will depend both on the one time charges for the spectrum and the Spectrum Usage Charge(SUC);

(c) Government has decided the Reserve Price for 1800 MHz band at Rs. 14,000 crores for 5 MHz Pan India and Reserve Price for 800 MHz band at 1.3 times that of 1800 MHz and also announced Guidelines for Auction and Allotment of Spectrum in 1800 MHz and 800 MHz bands on 3rd July 2012 in respect of certain issues, which include, among others, objective of auction, eligibility criteria, amount of spectrum, number of blocks and size of the blocks and validity period of auctioned spectrum.

(d): Yes, Madam.

(e): Government has accepted the refarming of spectrum in principle and announced through a press release dated 15.02.2012,