

Union Cabinet clears 4G spectrum sale

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In news

Recently, the Union Cabinet approved the sale of 2251.25 MHz of spectrum across seven frequency bands at a reserve price of Rs 3.92 lakh crore.

Key highlights

- According to the Department of Telecommunications (DoT), these auctions are only for 4G services and the DoT is yet to finalise the spectrum bands for auction of 5G spectrum
- As per the Cabinet approval, spectrum in the frequency bands of 700MHz, 800MHz, 900MHz, 1,800MHz, 2,100MHz, 2,300MHz and 2,500MHz would be offered for 20 years
- These frequency bands are lower than the Telecom Regulatory Authority of India's (TRAI's) recommendations, which were accepted by the Digital Communications Commission (DCC), the highest executive decision-making body of the DoT.
- Conditions for the auction of spectrum would be the same as those during the last round in 2016
- The last spectrum auctions were held in 2016, in which the government had offered 2,354.55 MHz at a reserve price of Rs 5.60 lakh crore.
- But the government was able to sell only 965 MHz, or about 40 per cent of the spectrum that was put up for sale

What are the bidding conditions?

- As per the cabinet nod, the bidders will have to comply with conditions, including block size, in which bidders

will be able to submit their bids, spectrum cap or the maximum amount of spectrum that can be held by a bidder after completion of auction, roll-out obligations and payment terms.

- Successful bidders would have the option of paying the entire amount upfront or a certain amount in 16 equated annual instalments after a two-year moratorium.
- They would also have to pay 3% of the adjusted gross revenue, excluding wireline services, as the spectrum usage charge.

Significance of the move

- The auction would help boost spectrum availability with telecom operators enabling improvements in 4G services
- By winning right to use spectrum through the auction, incumbent telecom service providers will be able to augment their network capacity, whereas new players will be able to start services
- Sufficient spectrum availability through transparent spectrum auction process increases the quality of telecom services for the consumers

What is the Spectrum in telecom?

- The word spectrum in this context refers to a range of radio-waves that are used for communication purposes.
- Spectrum relates to the radio frequencies allocated to the mobile industry and other sectors for communication over the airwaves. The allotment of the spectrum is either paired or unpaired.