

New telcos to invest \$2 bn

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Firming up their rollout plans, the new telecom licensees will invest around \$2 billion in the next four months for the rollout of their services.

The investment, necessitated by regulations, is significant as it comes at a time when other sectors are shying away from fresh investments due to the ongoing economic slowdown.

"The new players will have to commence operations soon, as the conditions of spectrum allocation require a company to fulfil certain rollout obligations (depending on the circle of operations), including launching of services within a stipulated period. Now that the companies were awarded spectrum last year, the government is putting pressure on them to start operations," Gartner Principal Research Analyst Naresh Singh said.

The Department of Telecommunications (DoT) mandates that a company has to commence the rollout within six months of getting spectrum. It also states that phone firms have to cover 10 per cent of all district headquarters in the licensed area within one year and 50 per cent of the district headquarters in the licensed area within five years.

Companies like Shyam Sis-

tema (which has got spectrum for 23 circles), Unitech Wireless (21 circles), Datacom Solutions and Loop Telecom (both received spectrum for 20 circles), and Swan Telecom (14 circles) are gearing up to commence 2G operations in the next six months. STel (5 circles) and Tata Teleservices (which already has CDMA operations) are also getting ready for GSM operations.

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The new telecom licensees were awarded spectrum during the previous allocations in February 2008, after the companies paid Rs 1,651 crore as licence fee.

These companies will invest around \$2 billion in the next four months, according to an independent industry research. Further, announcements of commencement of operations are expected in the next four months, with telcos expected to undermine each other by launching predatory tariffs and plans, according to a telecom analyst.

The telecom companies are also in talks for infrastructure sharing with tower companies. For example, Quipo Telecom Infrastructure will lease out towers for the rollout of Unitech Wireless' entire circles and 40 per cent of Swan Telecom's tower requirement. The infrastructure provider is also in advanced stages of discussions with STel and a couple of new players.

"The requirement of towers is huge, as the companies are looking at commencing operations at the earliest. And due to the difficulties in raising funds, companies are increasingly opting for sharing of towers rather than setting up their own. There is an increased demand for leasing of towers," said Quipo Telecom CEO Probal Ghosal. "Absolutely true", agreed Vikus Arora, vice-president (marketing) of GTL, another passive telecom infrastructure provider. The company, which already provides infrastructure to existing operators, is also in talks with new licensees.

"It is always our belief that passive and ultimately active infrastructure will have to be shared to reduce composition of capex in the operators' business plan. Furthermore, the ready availability of infrastructure will lead to quick market penetration," Arora said.