

Government policies

Qn

The success of 5G auction proves that the government of India has learnt the lessons from its earlier flaws. Discuss.

Ans

The long treatment of telecom spectrum as revenue generating arena which lead to many losses in past auctions is changed in recent auction which concluded successfully.

Sickness of telecom leads to cascading effect.

* The near bankruptcy of Vodafone and Idea which lead to foreign investors and government investors a 80% due to the exchequer gave a alarmic message for change of methodology to deal with auction.

Auction being successful

* TRAI and government both came up with relief to the telecom industry in 2021 sept showed positive sign. Led to 1.5 billion map up and premium 200 mzk which is not sold in past is sold this time.

Reasons for success of Auction

- * change in the methodology and reduction of reserve price 39% by TRAI.
- * 4 years of moratorium to the operators on paying their large adjusted Gross revenue led to relief to the operators.
- * Government decision to not to levy the spectrum usage charge of bought airway in future auction which led to reduction in expenses.

With increase in the number of data and voice call operators along with no rise of price for call and data with recent hike in the prices of telecom industries to consumers are well good for the goals of Digital India.

* The reduction of 5% universal spectrum usage levy would lead to reduction of expenses of 8% of the AGR.

* Current reserve price used for future auctions. These 2 measures can again help in the success of upcoming auctions.

Conclusion

With 71% of all spectrum sold which is high than previous auction shows correct policy change will bring correct outcome for industry.