



POLICY IN ACTION

India's Telecoms Reforms Set the Stage for 5G Launch

Market context

Driven by expanded 4G coverage, India is home to some of the most affordable handsets and data plans in the world. By 2025, India is projected to become the second-largest smartphone market in the world. However, while the mobile industry has worked to provide connectivity

across India over the past five years, high regulatory and spectrum costs have resulted in lower returns on investment compared to other countries, impacting operators' ability to invest and innovate.

Policy or regulatory action

India adopted a number of reforms designed to reinvigorate the economic health and stability in the telecoms sector. Some of the reforms, such as a moratorium on statutory dues and rationalisation of bank guarantees, are designed to provide a short-term boost to liquidity. Structural reforms such as the revised definition of adjusted gross revenue (AGR), a bank guarantees adjustment and interest rates rationalisation could help to provide financial stability to India's telecoms sector. Spectrum-related reforms, including

the elimination of usage charges on future spectrum acquisitions and extended spectrum licences from 20 years to 30 years, will also increase stability. Removal of the additional charge for spectrum sharing, along with operators being permitted to surrender spectrum after 10 years, should promote more efficient use of spectrum. Furthermore, procedural reforms such as fixing the auctions calendar and allowing for digital data instead of paper documents may reduce subscriber acquisition costs.

Why this is good practice

India is poised to become one of the largest 5G markets in the world in the coming years. However, low revenues, sector-specific taxes and outdated regulations undermine the ability of mobile operators to invest in their networks

and innovate. The reforms directly address these issues and allow for investment and innovation in mobile networks, and the ecosystems that will emerge as more 5G use cases are developed.

[India's 5G Future: Maximising Spectrum Resources](#), GSMA
[Government notice on telecoms reforms](#)

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