



MVNOS SET TO LAUNCH THEMSELVES IN INDIA

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Recent media reports confirm that the Mobile Virtual Network Operators (“**MVNOs**”) have been allowed by the Telecom Commission (“**Commission**”) to launch their operations in India. Though the entry of MVNOs in the Indian market was permitted in 2008 but so far the Department of Telecommunications (“**DOT**”) has issued no guidelines with regard to their operation. Following this approval by the Commission, DOT is expected to come out with specific guidelines very soon which is bound to attract a lot of MVNOs in the Indian market, one of the fastest growing mobile markets.

MVNOs are companies that provide mobile phone services but do not own their own cellular network or airwaves. In most cases, they do not even possess the infrastructure to run an independent mobile network. MVNOs buy airtime from an existing mobile network operator and then sell this airtime to the end consumers under their own brand. This airtime is operated using any mobile technology, such as Code Division Multiple Access (CDMA), Global System for Mobile Communications (GSM) or Universal Mobile Telecommunications System (UMTS).

The Commission has also levied some restriction on how MVNOs will operate in India. According to them, MVNOs can partner only with one mobile operator for a particular area. Mobile operators, on the other hand, can partner with multiple MVNOs even in a single area. MVNOs will also be given licenses for a period of twenty years so that fruits can be reaped by MVNOs, the mobile operators supporting such MVNOs and the end consumer.

Further, the auction of 3G spectrum, which is due this year and high-end services, will attract a lot of MVNOs since most of them specialize in providing such high-end services. Once these guidelines are released by the DOT, existing mobile operators will also hope of partnering with MVNOs to increase the size of their consumer market.

This step by the DOT, following the Commission’s order, is set to attract plenty of MVNOs to India. Not only will this increase competition between the existing mobile operators but also lead to better consumer satisfaction. However, we will have to wait and watch the impact that agreements executed between the existing mobile operators and MVNOs will have on the new competition laws. If any such agreement is held “anti-competitive,” it will be declared void. Before that, the guidelines to be issued by the DOT are eagerly awaited. We will update you on them once they are released.

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