



RSM/COAI/2014/006
January 22, 2014

Telecom Regulatory Authority of India
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg (Old Minto Road),
New Delhi – 110002

**SUBJECT: TRAI CONSULTATION PAPER ON RESERVE PRICE FOR AUCTION OF
SPECTRUM IN 800 MHZ BAND RELEASED ON DECEMBER 30, 2013**

Dear Sir,

1. In light of our submissions vide our letter no. RSM/COAI/2014/003 dated January 15, 2014, we would like to submit our points of view on some of the submissions made by other respondents and stakeholders. Our comments are as below:
 - a) Some stakeholders seem to be contradicting themselves in their response to the Consultation Paper. On one hand, CDMA operators admit that CDMA is a dying technology/declining eco-system and use it as a rationale for reducing spectrum prices. On the other hand, these stakeholders are demanding more spectrum to support the growth of these services. The question arises as to why would a business invest in a dying technology that entails no growth.
 - b) Some stakeholders have suggested that the reserve price for 800 MHz spectrum, should be kept much lower than the already determined price of 1800 MHz during the auction held earlier or at the most it should be pegged at 0.65 times the latest 1800 MHz reserve price. We reiterate that better propagation characteristics of 800 MHz band over both 1800 MHz as well as 900 MHz bands call for a higher multiple to be applied for deriving reserve price for 800 MHz. Even the multiple of 1.3 recommended by TRAI in 2012, was not on account of lower technical efficiency, but rather based on an erroneous view that with less than 5 MHz it was not possible to offer all services that a “truly liberalized” spectrum can.
 - c) 800 MHz has been recognized as equivalent to E-GSM band and is thus equal to 900 MHz. There is no case for applying a reserve price that is lower than 900MHz. We strongly recommend that the reserve price of 800 MHz must be pegged at its best alternate use – i.e. reserve price of 900 MHz. TRAI should adopt the uniform approach for determining the valuation of 800 MHz as has been used for valuing spectrum in 900 MHz.

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- d) One stakeholder has suggested that spectrum available in the 800 MHz band is less than 5 MHz in most LSAs and is non-contiguous and cannot be used for efficient LTE deployment. Even if the existing operators acquire additional blocks and consolidate their holdings to 5 MHz still spectrum would be non-contiguous, leading to inefficient use. We would like to again bring to your notice that the same stakeholder who had acquired 800 MHz in the March 2013 auction is openly offering 3G plus services and publishing advertisements in national dailies highlighting these key features. (Refer to Annexure-1 of COAI response to the Consultation Paper). Further, such issues are also valid for GSM operators, who would be participating in the upcoming auction. For instance, in Bihar and Uttar Pradesh (West), the spectrum being auctioned in 1800MHz is less than 5MHz. Moreover, there is no difference of price between contiguous and non-contiguous spectrum.
- e) We would also like to draw your attention to earlier COAI letters as far back as in 2009 pointing out that the CDMA operators were launching/offering 3G EVDO services.
- f) Some stakeholders have suggested that reserve price should be pegged at 50% of valuation. TRAI, in its recommendations on spectrum value and reserve price of 900 MHz and 1800 MHz, had decided that the reserve price can be pegged at 80% of the average value of spectrum. Thus, the same approach should be used for determining the reserve price to valuation ratio for 800 MHz. In fact, DoT has pegged the reserve price for 1800 MHz at 100% of its valuation. Therefore, while recommending the reserve price of 800MHz, TRAI would also like to DoT to take a similar approach for 800MHz to maintain the uniformity of reserve price of 800 and 900MHz.

We hope our above inputs will merit your kind consideration.

Regards,

Rajan S. Mathews
Director General

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