

RCOM Counter Response to TRAI Consultation Paper on Valuation and Reserve Price for Auction of Spectrum: Licences expiring in 2015-16

Reliance Communications Ltd (RCom) has submitted its comments on TRAI Consultation Paper on Valuation and Reserve Price for Auction of Spectrum- Licences expiring in 2015-16. Further, responses of the stakeholders as available on the Authority's website were studied and we hereby submit our counter comments for kind consideration of the Authority.

**Our counter response on the following major views of the stakeholders is as below:**

**1. M/s COAI/ Airtel/Vodafone Comments: 'Valuation/ reserve price of 800 MHz band as finally accepted by the Government based on the TRAI's recommendations dated Feb, 2014 shall be used for 900 MHz band also'.**

1.1 The above stakeholders' have opined that the valuation/RP of 900 MHz should be equal to valuation/RP of 800 MHz as recommended by TRAI vide its recommendations dated Feb 22, 2014.

1.2 At the outset it is submitted that TRAI recommendations on reserve price of 800 MHz dated Feb 22, 2014 is still under consideration of DoT and thus it is incorrect to presume that Govt. has accepted the TRAI recommended RP of 800 MHz.

1.3 It is further submitted that the price for 800 MHz spectrum band and 900 MHz spectrum band in India are not comparable. In terms of propagation characteristics, 800MHz and 900MHz may be similar but these spectrum bands have entirely different technology deployment in India/internationally and thus are used for entirely different purposes. Also, 800 MHz and 900 MHz spectrum price cannot be equated as these are not complementary or substitutable for each other. Moreover, **eco system for CDMA and GSM technologies are not comparable.**

1.4 It is emphasized that 900 MHz has growth path in 1800 MHz and can be interchangeably used. 900 MHz spectrum band is being liberalized for deployment of new technologies like 3G/4G but same growth path is not available for CDMA in 800 MHz spectrum band.

1.5 International data on presently deployed 2G / 3G networks and networks planned to be deployed with futuristic technologies like 4G, clearly shows that adoption of 800 MHz band (**only 4-5 networks compared to > 270 networks in 1800 MHz**) is marginal. Even adoptability of 800 MHz band for worldwide deployment of 3G (UMTS) networks is much less in numbers when compared to the widely accepted 900/2100 MHz dual band. Thus, 3G ecosystem/device availability is likely to remain better in 900 MHz/2100 MHz than 800 MHz band, thereby making 900 MHz more lucrative. Therefore, operators'

viewpoint that 800 MHz is an efficient band and has more data growth potential in the future, by deployment of 3G/4G technologies based services is ill-conceived and premature.

In light of the foregoing, it is clear that the valuation of 900 MHz cannot be compared to the valuation of 800 MHz. Therefore stakeholders view to equate the prices of 800 MHz with 900 MHz does not stand to logic.

**2. M/s COAI/Voda/Idea comment: *'The TRAI, in its earlier recommendation dated 09.09.2013 had already recommended to DoT on need to check the feasibility for adoption of E-GSM band. The E-GSM band should be immediately put up for auction'***

2.1 The afore mentioned stakeholders have opined that Government should harmonize 800 MHz and make the 10 MHz CDMA band as EGSM band as a part of the overall 900 MHz band. In this regard, it may be noted that DoT vide its letter dated 12<sup>th</sup> November 2013 has already rejected the Authority's view regarding the feasibility of adoption of EGSM in this band. Moreover, EGoM has also decided to auction 800 MHz as it is, and not to apportion spectrum in 800 MHz for EGSM. Therefore, we find no valid reason for once again debating on an issue which has already **been decided/settled by the Government.**

2.2 Further, we would like to elucidate below the impact/challenges wrt to the adoption of EGSM on CDMA services:

- i. Adoption of E-GSM band will require vacation of 880-890 MHz band frequency and restricting CDMA operations to only 10 MHz spectrum 870-890 MHz. The proposed CDMA spectrum would thus be sufficient for only 2 operators and therefore others would be forced to close their operations. Thus EGSM proposal is highly unfair and discriminatory towards CDMA operators.
- ii. The CDMA operators even today support around 75 million subscriber base including low strata customers and provide them most affordable telecom services. CDMA operators also provide high speed internet services in thousands of cities and towns in the country. The discriminatory approach to cull out EGSM band would be death knell for CDMA operations and wipe out the only credible challenger to GSM industry. Moreover, PSUs are using this band for providing CDMA and RDELs services, which will be severely impacted if any EGSM band is created for GSM services.
- iii. It may also be noted that CDMA operators have entered into a valid contract with the Government in 2001 and earned right to use CDMA spectrum till expiry of current

licence. Hence, any action on the part of Government to divest the CDMA operators with their spectrum will make the contract non-workable and may lead to litigation.

2.3 DoT in its reply dated 20<sup>th</sup> Dec 2013 has informed TRAI that ' the Ministry of defence has intimated that shifting of frequencies from existing 925-935 MHz to 834-844 MHz cannot be done in a definite time frame'. Thus we do not see any possibility of creating EGSM band in near future.

**In light of above facts that Government has already rejected the formation of EGSM band, thus E-GSM band proposal should not be considered.**

3 **M/s Uninor/RJio comment:** *The block size of 900 MHz should be kept same as that of previous auction held in Feb'14:*

3.1 **900 MHz spectrum availability in WB is 4.4 MHz, so the block size for 900 MHz has to be worked out accordingly.**

4 **We would further like to Reiterate our view on the following issues:**

4.1 **All spectrum irrespective of contiguous or non contiguous should be put up for auction:**

- i. It is recommended that all spectrum which is available with DoT i.e. contiguous or non-contiguous should be put up for auction. This shall be consistent with the practice followed in all auctions conducted hitherto fore. Lack of availability of contiguous blocks of 5 MHz spectrum should not be an impediment for auctioning of spectrum in 900 MHz / 1800 MHz bands. **It is once again suggested that deliberate efforts should be made for making additional spectrum available for the forthcoming auction.** Govt. and DoT should have vision to make contiguous spectrum over a defined period.
- ii. We would further like to highlight the following regarding availability of additional spectrum in 900 MHz and 1800 MHz **through vacation of spectrum from non commercial users.**
- iii. **900 MHz:** Please refer to annexure -1 to this response, wherein it can be easily inferred that out of the 25 MHz earmarked for commercial usage in 900 MHz band, only 18.6 to 22.2 MHz has been allocated to telecom operators and up to 4.6 MHz (in some of the circles) is yet to be vacated by defence/non commercial users. There is also allotment of crucial 900 MHz to Government Agencies, which has been scarcely, that too used in selected locations only. **We therefore request DoT to coordinate with the non-commercial users of spectrum, who have been allocated spectrum in**

**900 MHz band out of the 25 MHz identified for commercial use, to make available more spectrum for commercial use.**

- iv. **1800 MHz:** An MoU was signed between the MoD and DoT to make available 55 MHz of spectrum in 1800 MHz for commercial usage, however the entire spectrum as agreed is yet to be released by Defence for telecom services. **We, therefore, request that the remaining commercial spectrum out of the entire agreed 55 MHz should be made available at the earliest and put up for auction. Kindly refer to Annexure 2 to this response for quantum of the spectrum in 1800 MHz yet to be released by defence.**

**We therefore, submit that all spectrum irrespective of contiguous or non contiguous should be put up for auction.**

## **5. Valuation of 1800 MHz**

- 5.1 We reiterate our view that there is no need to undertake a fresh valuation exercise for 1800 MHz band. The exercise for valuation of 1800 MHz band that was undertaken by TRAI is less than a year old i.e. Sep'13. Thus, indexation is not justified in case the auction takes place within one year of previous round of auction

**Annexure 1: Status (as on 25 aug 2014) on GSM spectrum yet to be vacated by Defence in 900 MHz Band**

S.No.	Circle	Total Quantum mandated for Telecom operators in 900 MHz band ( MHz)	Total allocated till Feb 2014 to all operators (MHz)	Allocated to Railways (MHz)	Quantum of spectrum yet to be released by Defence ( MHz)
1	Delhi	25	22.2	1.8	1
2	Mumbai	25	22.2	1.8	1
3	KOLKATTA	25	20.2	1.8	3
4	Maharashtra	25	20.2	1.8	3
5	Gujrat	25	20.2	1.8	3
6	AP	25	20.2	1.8	3
7	Karnataka	25	20.2	1.8	3
8	TN	25	21.2	1.8	2
	Chennai	25	18.6	1.8	4.6
9	Kerala	25	18.6	1.8	4.6
10	Punjab	25	21.8	1.8	1.4
11	Haryana	25	18.6	1.8	4.6
12	UP(W)	25	18.6	1.8	4.6
13	UP(E)	25	18.6	1.8	4.6
14	Rajasthan	25	18.6	1.8	4.6
15	MP	25	18.6	1.8	4.6
16	WB	25	19.4	1.8	3.8
17	HP	25	18.6	1.8	4.6
18	Bihar	25	18.6	1.8	4.6
19	Orissa	25	18.6	1.8	4.6
20	Assam	25	18.6	1.8	4.6
21	NE	25	19.4	1.8	3.8
22	J&K	25	18.6	1.8	4.6

**Annexure 2: Status (as on 25 Aug 2014) on GSM spectrum yet to be vacated by Defence in 1800 MHz Band**

S.No.	Circle	Total Quantum mandated for Telecom operators in 1800 MHz band ( BW in MHz)	Total allocated till Feb 2014 to all operators ( BW in MHz)	Balance available with WPC ( BW in MHz)	Total with WPC ( BW in MHz)	Quantum of spectrum yet to be released by Defence ( BW in MHz)
1	Delhi	55	40	0	40	15
2	Mumbai	55	50.4	0	50.4	4.6
3	KOLKATTA	55	41.8	7	48.8	6.2
4	Maharashtra	55	47.45	0	47.45	7.55
5	Gujrat	55	44.6	0	44.6	10.4
6	AP	55	2.4	0	2.4	52.6
7	Karnataka	55	51	0.8	51.8	3.2
8	TN	55	28	19	47	8
9	Kerala	55	53.25	1	54.25	0.75
10	Punjab	55	41.85	1.6	43.45	11.55
11	Haryana	55	39.1	8	47.1	7.9
12	UP(W)	55	39.5	0.4	39.9	15.1
13	UP(E)	55	45.05	0.4	45.45	9.55
14	Rajasthan	55	38.2	8.4	46.6	8.4
15	MP	55	51.7	0	51.7	3.3
16	WB	55	35.95	0	35.95	19.05
17	HP	55	32.85	10.2	43.05	11.95
18	Bihar	55	42.15	0.2	42.35	12.65
19	Orissa	55	36.3	16.2	52.5	2.5
20	Assam	55	34.55	0	34.55	20.45
21	NE	55	39.5	4.8	44.3	10.7
22	J&K	55	20.7	0	20.7	34.3