



21<sup>st</sup> March, 2012

The Chairman  
Telecom Regulatory Authority of India (TRAI)  
Mahanagar Doorsanchar Bhawan  
Jawaharlal Nehru Marg  
New Delhi

**Sub: VNL's comments on TRAI Consultation Paper No. 04/2012 on Auction of Spectrum**

Dear Sir,

We are thankful to you for inviting comments from the industry and stakeholders on the issue of 'Allocation of Spectrum'. As desired, we are enclosing herewith the comments from VNL, as an equipment manufacturing unit in mobile industry.


Along with the enclosed comments, we recommend that the following critical issues which may be kept in mind while finalizing the above document.

- i. At least 3-5 MHz should be kept reserved for In-building Solutions in towns and providing wireless access to the individual campuses / townships etc.
- ii. The controversies which arose out of the earlier procedures adopted for spectrum allotment are avoided in future. The new guidelines must provide adequate checks of balances to take care do this.
- iii. No operator should get undue advantage/leverage due to the policy & procedures adopted, particularly the big and established players.

We hope and expect that the policy adopted in future for 'Allocation of Spectrum' shall be simple and convenient to the telecom industry as a whole and provide a level playing field to all the existing and new operators and yet take care of fundamental issues.

Thanking you,

Yours sincerely,  
For **Vihaan Networks Limited**

  
Authorised Signatory

Encl : As above



## **VNL Response to TRAI Consultation Paper No. 4/2012 On “Auction of Spectrum”**

**Q1. How can the various principles outlined by the Hon’ble Supreme Court in various observations brought out in para above be sufficiently incorporated in the design of spectrum auction?**

**Response:**

Just follow the terms of the signed agreement, for the existing Licenses.

For the new licenses, they should be given much better terms – so that New Licenses can compete with the existing oligopoly.

**Q2. What are the key objectives to be kept in mind in the auction of the spectrum?**

**Response:**

Some of the key objectives should be:

- The terms of existing signed agreements should be adhered to & TRAI should not recommend anything beyond the quantity of spectrum, which is written the contract.
- All the existing licenses should be allowed to bid just for another 25% of the maximum spectrum quantity written their agreements with the Government of India.
- No single company should be allowed to have more than 6.2 + 6.2 Mhz for GSM & 5 + 5 Mhz for CDMA operation. Because the companies with money power can corner major part of the spectrum (as they have at present) & then they influence the Govt & Regulator with the money & market power they have.
- Doctrine of Equality and larger public good are certain principles which ought to be taken care of.

Level Playing Field, as a corollary of right to equality must be maintained between the operators.

- Pre-emptory right to participate in the spectrum auction to the existing operators ought to be provided in furtherance of constitutional principles.
- The process has to be fair and transparent and larger public good must be taken care of.



- The Reserve Price is to be fixed keeping in mind the objective of tele-density, level playing field and constitutional principles.
- Further, Auction should be carried out in such a way that it does not create monopolization and subsequent hoarding of spectrum by the incumbent operators. The key objective should be kept in mind is to encourage fair competition in the market.
- Auction should not be with the aim of maximization of revenue but should be in the interest of public good, affordable services etc
- Design of the auction should be such that it does not create artificial scarcity of spectrum.

### **Q3. What should be the amount of spectrum, which should be auctioned?**

No single company should be allowed to bid for more than what they have contracted with Government of India & what is written in the original agreement signed with the government.

In case some companies have less than, what is written their agreement, then they should be allowed to bid from the balance quantity of spectrum.

For CDMA entire spectrum should be auctioned (824 – 844 MHz) Paired with 869 to 889 Mhz ).

- a. For GSM at least 20 Mhz should be kept aside for future use or some other emergency needs. ( 900 Mhz & 1800 Mhz bands )

To reiterate, DOT should auction,

#### **a. 800 MHz**

All available spectrum should be auctioned

#### **b. 900 MHz**

All but 20 Mhz of spectrum should be kept aside for future use & testing of telecom equipment by Indian companies.

#### **C 1800 MHz**

All but 5 Mhz of spectrum should be kept aside for future use & testing of telecom equipment by Indian companies.



**Q4. Should the spectrum be liberalized before it is put to auction?**

The auction of liberalization should be carried out after completion of auction of 2G spectrum.

**Q5. For the refarming of 800 and 900 MHz bands from the existing licensees, which of the three options given above should be adopted? Please elaborate with full justification**

**&**

**Q6. What are the issues that may arise in the above mentioned refarming process?**

Regarding refarming of 800 MHz and 900 MHz bands, there should be a separate consultation process. At present, refarming of spectrum is not an appropriate decision due to the urgency of implementing Hon'ble Supreme Court judgment 's mandate of allocation of spectrum in 2G band in 22 Service Areas by auction.

We feel refarming should be a separate exercise in order that there is no delay in the process of auction.

**Q7. For new technologies e. g. UMTS/LTE, 5 MHz is the minimum amount of spectrum required. Certain licensees have only 4.4 MHz spectrum in 900 MHz band and 2.5 MHz spectrum in 800 MHz band. What are the possible options in case of such licensees?**

The minimum Spectrum (*to be allocated to an operator.*) In any freq band should be 5 Mhz.

Those who have only 4.4 Mhz, they should be allowed to bid for the balance un allocated spectrum as per the agreement they have with Government of India.

**Q8. Some GSM spectrum allocations may be interleaved between operators; to avoid fragmentation, reconfiguration between operators may be required. Whether frequency reconfiguration is required and what are the challenges and possible solutions?**

Freq reconfiguration should be done immediately & all operators should have spectrum as per their licenses agreement.

Reconfiguration is a simple exercise.



**Q9. Should the reframing of spectrum in 800/900 MHz bands be dealt independently or should a comprehensive approach be adopted linking it with the availability and auctioning of 700 MHz band?**

**&**

**Q10. Which of the two approaches outlined above be adopted?**

700 MHz band should be independently auctioned, consequent to auctioning of 2G spectrum in 22 service areas.

800 MHz and 900 MHz to be reformed at the time of expiry of the duration of the license and then auctioned.

***11-13 linked***

**Q11. When should 700 MHz spectrum be auctioned?**

Auction of 700 MHz band spectrum should be scheduled after the BWA becomes operational & operators have experience of the situation.

**Q12. Should the auction in 700 MHz band be linked with the granting permission for the liberalized use of 800/900 MHz band?**

Auction in 700 MHz band should not be linked to permission for liberalized use of 800/900 MHz band as they differ significantly.

**Q13. How much spectrum in 700 MHz band should be put to auction initially and what should be the amount of spectrum, which a licensee should be allowed to win in that auction?**

These have already been answered in the Consultation paper No 6/2011 on IMT Advanced Mobile broadband services” in Nov, 2011.

**Q14. What should be the structure of the auction process?**

No comments

**Q15. Should auction be held in single stage or multi stage?**

No comments



**Q16. Should there be a simultaneous auction for spectrum in 800 and 1800 MHz bands?**

No comments

**Q17. What should be the block size of the spectrum?**

1. The block size of startup spectrum should be kept at 4.4/2.5MHz for 1800 and 800 MHz bands respectively.
2. Add on spectrum which should be auctioned separately should have the block size of 1.8 1.25 MHz for 1800 MHz and 800 MHz bands respectively. But as per their licenses agreement only.
3. This is in line with the spectrum allocation done in the past

**Q18. Should the block size be dependent on the frequency? If so, what should be the block size in each band?**

1. Yes, block size should be dependent on the frequency
2. The block size of startup spectrum should be kept at 4.4/2.5MHz for 1800 and 800 MHz bands respectively.
3. Add on spectrum which should be auctioned separately should have the block size of 1.8/1.25 MHz for 1800 MHz and 800 MHz bands respectively. But as per their licenses agreement only.

**Q19. Should there be a cap on amount of spectrum one can bid? If so, what should it be?**

1. For startup spectrum 800/1800:
  - a. No operators should be allowed to bid for more than one block of startup spectrum (4.4/2.5).
  - b. The cap should be as per their licenses agreement.
2. For add-on spectrum it should be subject to a maximum of 25% of the quantity written in the agreement of the individual operator with the Government.

**Q20. Should there be a separate cap on the total amount of spectrum one can hold; if so, what amount should it be?**



Amount of spectrum that can be won should be limited; there should be a cap of 25% over & above what is written in the licenses agreement of each licensee.

**Q22. Who all should be eligible to participate in the auction?**

No comments

**23-25 linked**

**Q23. What should be reserve price per MHz of spectrum in the year 2012 for 1800 MHz band?**

**A** The reserve price should be different for 5 Mhz for CDMA & 6.2 Mhz for GSM  
&

**B** An additional 1.6 Mhz for GSM ( CDMA does not have spectrum beyond 20 Mhz – so a maximum of only 4 operators can be operational )

**For A :** The reserve price should be at least just 25% of 2001 price, because the 95% of the existing market is with the incumbenent operators & government should encourage the new players to give competition to the existing one.

**For B :** The reserve price should be ten times than the 2001 price, because only the operators who have minimum spectrum ( as per their contract) & they want to maximize their profits, should pay a much higher money to Government.

**Q24. What should be the reserve price per MHz of spectrum in the 700/800/900 MHz bands?**

Should not be auctioned at present.

**Q25. Whether the reserve price should be uniform across the country or service area wise?**

No comments

**Q26. What should be the roll out obligations linked to the auctioned spectrum?**

No comments



**27-28 linked**

**NOTE: Q27 onwards in WIP**

**Q27. What should be the annual spectrum usage charge for the spectrum being auctioned?**

The spectrum usage charge should be just 3% for the spectrum which licensee has as per the licenses agreement.

The additional spectrum usage charge should be at the rate of 3% per additional Mhz ( over & above the quantity of spectrum as in his licenses agreement ).

**Q28. Should the spectrum usage charge be in line with present criteria of escalating charge with the amount of spectrum holding or a fix percentage as was done for 3G and BWA spectrum?**

As answered above

**29-31 linked**

**Q29. What should be the period of validity of spectrum? And**

No comments

**Q30 What should be the period of price of spectrum?**

No comments

**Q31. Should the government allow deferred payment schedule of the spectrum auction fee, or should the payment be upfront in nature?**

No comments

**Q32. Should Spectrum trading be allowed in India?**

If the licenses agreement allows this then it is fine.

But if not than changing by any means ( or recommendation ) is criminal conspiracy.

**Q34. What should be the eligibility criteria to trade the spectrum?**

As above





**Q35. Whether the spectrum assigned for 3G and BWA services be allowed to trade? If yes, give reasons.**

Yes, because it is sort of “Lease Hold” for 20 Years “

**Q36. Can spectrum be allowed to be mortgaged for raising capital for telecom purposes?**

No, because it is not the asset of the mobile operator at present in the case of 2G spectrum, that is CDMA 850, GSM 900 & 1800 Mhz. TRAI should check the Balance sheet of all the existing operators’ & ask the Top 3 Accounting companies – if they consider Spectrum as Asset ?

For 3G & BWA it is the assets of the company for the licenses period only ( subject to licensee complying with all other conditions )