

**Information note to the Press (Press Release No. 85/2014)**

For Immediate Release

**Telecom Regulatory Authority of India**

**TRAI releases Recommendations on “Valuation and Reserve Price of Spectrum: 2100 MHz Band”**

**New Delhi, 31<sup>st</sup> December, 2014** – The Telecom Regulatory Authority of India (TRAI) has today issued its Recommendations on **“Valuation and Reserve Price of Spectrum: 2100 MHz Band”**.

2. The Department of Telecommunications (DoT), through its letter dated 16<sup>th</sup> October 2014, sought the Authority’s recommendations on the Reserve Price for auction of right to use of spectrum in 2100 MHz, 2300 MHz and 2500 MHz bands. Subsequently, on 27<sup>th</sup> November 2014, the DoT requested TRAI to expedite the process for its recommendations on the reserve price of 2100 MHz band and related issues so that the auction of spectrum in this band could be conducted along with the auction of spectrum in the 800/900/1800 MHz bands scheduled in February 2015.

3. TRAI issued a consultation paper on “Valuation and Reserve Price of Spectrum: 2100 MHz band” on 2<sup>nd</sup> December 2014. Written comments and counter comments were invited from stakeholders by 15<sup>th</sup> December 2014 and 19<sup>th</sup> December 2014 respectively. The comments and counter comments received from the stakeholders were placed on TRAI’s website [www.trai.gov.in](http://www.trai.gov.in). An Open House Discussion was conducted by TRAI with all the stakeholders on 22<sup>nd</sup> December 2014 at New Delhi.

4. After considering the comments received from the stakeholders and further analysis, the Authority has come out with its recommendations on **“Valuation and Reserve Price of Spectrum: 2100 MHz Band”**. The salient features of the recommendations are given below:

- i. The Authority reiterated its recommendations that spectrum in the 2100 MHz band should be put to auction along with the 800/900/2100 MHz band.
- ii. The Ministry of Defence (MoD) has informed TRAI that the proposal for release of 15 MHz of spectrum in 2100 MHz band on a pan-India basis in lieu of an equal amount of commercial spectrum in the 1900 MHz band has been agreed to in principle and this has also been conveyed to the DoT. This 15 MHz of spectrum in the 2100 MHz spectrum (which are equivalent to 3 blocks of 2x5 MHz when paired corresponding downlink spectrum) should be auctioned in view of the in-principle agreement reached with MoD, even if it is not available immediately. This is because actual assignments do not have to be made immediately. The actual date of assignment may be given in the NIA.
- iii. The DoT should take all measures to ensure that the 2100 MHz spectrum



which was earlier assigned to STEL in three service areas viz. Bihar, Orissa and Himachal Pradesh is also put to auction.

- iv. The roll-out obligations that were mandated in the 2010 auctions for spectrum in the 2100 MHz band should be applicable for the upcoming auction of 2100 MHz band; however, a period of 3 years (instead of 5 years) should be prescribed to meet these obligations.
- v. A TSP, which already has a block of 2x5 MHz in the 2100 MHz band in an LSA and acquires additional block(s) in the LSA through the upcoming auction, should not be mandated to comply with the roll-out obligations prescribed above again. It would continue to be bound to the same roll-out obligations that were prescribed when it acquired the first block of spectrum in 2010.
- vi. In the upcoming auction of 2100 MHz band spectrum, an auction-specific cap should be placed that no bidder would be permitted to bid for more than 2 blocks in a LSA if 3-4 blocks are available in that LSA.
- vii. If any TSP is assigned two blocks of 2x5 MHz in the 2100 MHz band in the upcoming auction, it should be assigned contiguous carriers only.
- viii. TSPs should be permitted to realign their spectrum holding amongst themselves with mutual agreement.
- ix. The issue of interference, reported in the 2100 MHz band in some LSAs, needs to be resolved before putting fresh spectrum blocks to auction in these LSAs. Further, it is imperative to ensure that spectrum blocks being put to auction are interference-free.
- x. The DoT should carry out the EMF impact study and decide within a period of 6 months whether the power radiation limits from base stations can be enhanced beyond the present limits of 20 Watts for HSPA/HSPA+ or LTE technologies.
- xi. The average expected valuation of 2100 MHz spectrum for each LSA has been worked out as a simple mean of the four valuation approaches that have been adopted (indexation, using SBI Base Rate, of the 2010 auction determined prices of 2100 MHz spectrum, technical efficiency factor of 0.83 times of 1800 MHz spectrum valuation, producer surplus model and approach based on growth in data usage).
- xii. The reserve price for the forthcoming 2100 MHz spectrum auction shall be fixed at 80% of the average valuation for each LSA. To accelerate the pace of investment and to give a fillip to the penetration of telecom services, the reserve price for North East LSA has been fixed at a discount of 50% to the reserve price (arrived at using the factor of 80%). The Authority strongly urges that the reserve prices for the forthcoming 2100 MHz auction should be retained as recommended below, since setting reserve prices equal to valuation for Metro and Category 'A' LSAs (as was done in the case of February 2014 auction for 1800 MHz and 900 MHz spectrum) may asymmetrically affect the bidding process in these LSAs, given their significantly larger contribution to the total auction-determined price in 2010.



xiii. The Recommended reserve prices for 2100 MHz spectrum are:

**RECOMMENDED RESERVE PRICE PER MHz IN 2100 MHz BAND**

(Rs. in crore)

LSA	Category	Recommended Reserve Price
Delhi	Metro	446
Mumbai	Metro	340
Kolkata	Metro	77
Andhra Pradesh	A	183
Gujarat	A	195
Karnataka	A	241
Maharashtra	A	227
Tamilnadu	A	260
Haryana	B	44
Kerala	B	107
Madhya Pradesh	B	84
Punjab	B	65
Rajasthan	B	84
U. P. (East)	B	82
U.P. (West)	B	96
West Bengal	B	30
Assam	C	29
Bihar	C	66
Himachal Pradesh	C	10
Jammu & Kashmir	C	14
North East	C	8
Orissa	C	32
<b>Pan India</b>		<b>2720</b>

The recommendations have been placed on TRAI's website [www.trai.gov.in](http://www.trai.gov.in).

5. For any clarification/ information Shri Arvind Kumar, Advisor (NSL), TRAI may be contacted at Tel. No. +91-11-23220209 Fax No. +91-11-23230056 or email [trai.jams@gmail.com](mailto:trai.jams@gmail.com).

  
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