

Thursday, July 15, 2004

The Chairman

Telecom Regulatory Authority of India
A-2/14, Safdarjung Enclave
Africa Avenue
New Delhi-1 10 029

Kind Attention: Shri Pradip Baijal, Chairman, TRAI

SUBJECT: Consultation Paper on Spectrum Related Issues

Dear Sir,

This refers to your Consultation Paper issued on 31st May 2004 on spectrum related issues.

For the most part, the Consultation Paper appears to be dealing with mass subscriber based wireless services like Cellular, CDMA, offering us little opportunity to comment.

PMRTS has remained an analog technology based operation in the context of India, since, necessary enablers for migration to a digital platform are not in place.

Presently, PMRTS industry is regulated by the following spectrum policy:

1. A spectrum of 125 Khz. + 125 Khz. (not contiguous) is issued to a new operator licensed for a city as service area. The area of network coverage is defined with a coverage of 50 Kms. beyond municipal limits for metros and 10 kms. beyond municipal limits in non-metros. The channel spacing is 25 Khz.
2. Citywide licensing as explained above results in a predominantly 'single site' operation for most PMRTS operators.
3. The spectrum fees applicable has 2 components:
 - a) A fixed fee of Rs.100/- per subscriber per annum.
 - b) A variable fee of Rs.4,800/- times spectrum allocated divided by 25 Khz.

This translates to a spectrum fees totaling to approx. 3.6% of revenue today for PMRTS operator who has deployed atleast 10 channels system.

The analog operation really cannot be compared with a digital technology based network topology including opportunity for frequency re-use. For PMRTS industry to have spectrum efficiency comparable with other digital wireless networks, it is essential that:

- A. The required enablers in the form of 2-way PSTN interconnect, numbering plan, sharing of network infrastructure and licensing for a wider area of service (than just a city today) be put in place.

- B. Complimentary services like mobile data, SMS etc. be permitted in the frequency band assigned to the PMRTS industry.
- C. License fee and spectrum charges are to be determined based on size of revenue opportunity for a particular industry, based on international benchmarking for the same.

Unlike GSM/CDMA services, which have a standard air interface, PMRTS technologies have both proprietary and open-air interfaces, resulting in different spectrum utilisation efficiencies.
- D. The spectrum pricing policy needs to ensure a 'level playing field' with Captive licenses wherever applicable.
- E. MTROA expects that based on provisioning for expansion of analog operations, introduction of complementary services and migration to Digital Platform, there may not be any scope for re-allocation of the currently assigned frequency bands of PMRTS.

MTROA's preliminary findings on the issues raised in the consultation paper are:-

1. The objectives of spectrum pricing are being adequately served in the current spectrum policy being followed for the PMRTS industry. The only change we are seeking is for provision of complementary services such as Public Mobile Data Services, SMS etc. in the frequency bands assigned to PMRTS.
2. Given the size of the PMRTS industry, the spectrum charges for PMRTS should be a fraction of those applicable for services with mass subscriber appeal (i.e. Cellular or CDMA).
3. It may not be possible to have services neutrality between services with an incomparable size of total market opportunity. For the foreseeable future, the total license fee and spectrum fee applicable to the PMRTS industry should not exceed a small fraction of the applicable license and spectrum fee for mass subscriber based services like Cellular and CDMA.

We would like to request that MTROA be invited for further discussions and a more extensive participation in the next round of discussions on the consultation paper based on receipt of the first round of responses from the stake holders.

Thanking you,

Yours sincerely
for MTROA

Vasu Padmanabhan
Vice President