



VIDEOCON
TELECOM

VTL/Reg/TRAI/1512/4908
December 21, 2015

Shri Sanjeev Banzal
Advisor (NSL),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg (Old Minto Road)
New Delhi — 110 002

Subject: VTL Response on Consultation Paper on "Valuation and Reserve Price of Spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz Bands"

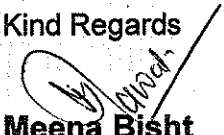
Ref: TRAI Consultation Paper No. 06/2015 dated 26th November, 2015

Respected Sir:

Videocon Telecommunications Limited welcomes the opportunity to give our comments to TRAI's consultation Paper on "Valuation and Reserve Price of Spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz Bands" Please find attached herewith our response on the same.

This is for your information and kind consideration please.

Kind Regards


Meena Bisht
Sr. Manager
Regulatory Affairs
Mobile #: 9310225538

Encl.: as above

Videocon Telecommunications Limited
Plot No. 296, Udyog Vihar Phase-II, Gurgaon - 122 016, Haryana, India
Telephone: +91-124-671 0600 Fax: +91-124-671 0700

Registered Office :
R H No. 2, Pratapnagar, Shahnoorwadi Road, Aurangabad - 431 001 Maharashtra

CIN No. : U72900MH2007PLC204763
www.videocontelecom.com

**VTL Response to Consultation Paper
on
'Valuation and Reserve Price of Spectrum in 700, 800, 900, 1800, 2100, 2300
and 2500 MHz Bands'**

The Videocon Telecommunications Limited welcomes the opportunity to submit its views on the consultation paper on issues like quantum of spectrum to be auctioned, spectrum block size, spectrum cap, roll-out obligations and methods to be used for valuation and estimation of reserve price of spectrum

Please find below our response to the issues raised in the consultation paper:

Q1. Whether the entire spectrum available with DoT in the 800 MHz band be put for auction? Justify your answer.

&

Q2. How can the spectrum in the 800 MHz band, which is not proposed to be auctioned due to non-availability of inter-operator guard band, be utilized?

Response: Yes, we are of the opinion that the entire commercially available Spectrum should put for the auction in 800 MHz band because the spectrum carrier is unsalable due to non-availability of inter operator guard band in some of the LSAs.

Requirement of inter-operator guard band needs to be reviewed considering the fact that now the spectrum is a liberalized spectrum and it is not bound to be used only for CDMA technology.

Q3. What should be the block size in the 700 MHz band?

Response: Block size should be Minimum 2X5 MHz in 700 Mhz band.

Q4. Whether there is any requirement to change the provisions of the latest NIA with respect to block size and minimum quantum of spectrum that a new entrant/existing licenses/expiry licensee is required to bid for in 800, 900, 1800 and 2100 MHz bands. Please give justification for the same.

Response: We believe that currently there is no requirement to change the provision of latest NIA w.r.t block size and minimum quantum of spectrum.

Q5. What should be the block size in the 2300 MHz and 2500 bands?

Response : The block size in 2300 MHz band should be same as in the last Auction i.e. 2X20 MHz. Regarding 2500 MHz bands, we recommend that it should be auctioned under TDD i.e option 3 Band No. 41.

Videocon Telecommunications Limited

Q6. Considering the fact that one more sub-1 GHz band (i.e. 700 MHz band) is being put to auction, is there a need to modify the provisions of spectrum cap within a band?

&

Q7. Is there any need to specify a separate spectrum cap exclusively for the spectrum in 700 MHz band?

Response : Yes, there is a need to modify the spectrum cap within 700 MHz band. Being a digital band, it is not advisable to allocate the entire spectrum in 700 MHz band to one or two players only. It is recommended that spectrum cap of 10 MHz be prescribed for 700 MHz band.

Q8. Should a cap on the spectrum holding within all bands in sub-1 GHz frequencies be specified? And in such a case, should the existing provision of band specific cap (50% of total spectrum assigned in a band) be done away with?

Response : We are of the view that there is no need to modify the existing spectrum cap 50% of the spectrum assigned in each of the 800/900/1800/2100/2300/2500 MHz and 25% of the total spectrum assigned in all these bands put together in each service area.

Q9. Should 2300 MHz and 2500 MHz bands be treated as same band for the purpose of imposing intra-band Spectrum Cap?

Please support your suggestions for Q6 to Q9 with proper justifications.

Response : The 2300MHz and 2500MHz should be treated as same band for the purpose of imposing intra-band spectrum cap. Since there are already 3-4 players in 2300 MHz band, there is no scope of monopolizing, hence 2300MHz and 2500MHz should be combined and should be treated as same band.

Q10. Suggest an appropriate coverage obligation upon the successful bidders in 700 MHz band? Whether these obligations be imposed on some specific blocks of spectrum (as was done in Sweden and UK) or uniformly on all the spectrum blocks?

&

Q11. Should it be mandated to cover the villages/rural areas first and then urban areas as part of roll-out obligations in the 700 MHz band?

Ans: As 700 MHz band has good propagation characteristics, to effectively utilize the 700 MHz band for enhancing mobile services in the villages, it should be mandating operators to roll-out their network in villages/rural area first followed by urban as part of roll-out obligations in the 700MHz. band. As 700 MHz spectrum band has excellent characteristics in respect of coverage keeping in mind the digital India, it is most suitable for long coverage of rural and hence initial 5 years should be mandated for roll out of services in rural areas only. Use of 700 MHz will bring down the capex requirement significantly and hence DoT should also identify specific rural areas to be covered by the successful bidder of 700 MHz and only after such coverage the band should be used for any other area.

Q12. In the auction held in March 2015, specific roll-out obligations were mandated for the successful bidders in 800 MHz, 900 MHz, 1800 MHz and 2100 MHz spectrum bands. Stakeholders are requested to suggest:

(a) How the roll-out obligations be modified to enhance mobile coverage in the villages? Which of the approaches discussed in para 2.58 should be used?

(b) Should there be any roll out obligation for the existing service providers who are already operating their services in these bands.

Please support your answer with justifications.

Response: Since USO fund @ 5% of AGR is collected from the TSPs, the coverage of specific uncovered villages should be undertaken by the Government through USO subsidy. Another way could be considered is to reduce the USOF levy for covering the specific uncovered villages.

No, there should be no roll out obligation for the existing service providers who are already operating their services in these bands. But, for the new bidders in 2100MHz band should be mandated to provide the same roll out obligations as provisioned in previous auctions for 800MHz, 900MHz and 1800MHz bands.

Q13. In the auction held in 2010, specific roll-out obligations were mandated for the successful bidders in 2300 MHz spectrum band. Same were made applicable to the licensee having spectrum in 2500 MHz band. Stakeholders are requested to suggest:

(a) Should the same roll-out obligations which were specified during the 2010 auctions for BWA spectrum be retained for the upcoming auctions in the 2300 MHz and 2500 MHz bands? Should both these bands be treated as same band for the purpose of roll-out obligations?

(b) In case existing service providers who are already operating their services in 2300 MHz band acquire additional block of spectrum in 2300 or 2500 MHz band, should there be any additional roll out obligation imposed on them?

Response: Yes, the roll out obligations for 2300 MHz and 2500 MHz bands should be the same as has already been provided for 800MHz, 900Mhz and 1800MHz band in the previous auctions.

No, we are of the opinion that there should be no additional roll out obligation imposed on the existing operators having 2300 or 2500 MHz spectrum band.

Q14. Keeping sufficient guard band or synchronization of TDD networks using adjacent spectrum blocks are the two possible approaches for interference management. Considering that guard band between adjacent spectrum blocks in 2300 MHz band is only 2.5 MHz in a number of LSAs, should the network synchronization amongst TSPs be mandated or should it be left to the TSPs for the interference free operation in this band? Please support your suggestion with proper justifications.

&

Q15. In case, synchronization of the TDD networks is to be dealt by the regulator/licensor, what are the parameters that the regulator/licensor should specify? What methodology should be adopted to decide the values of the frame synchronization parameters?

&

Videocon Telecommunications Limited

Q16. If synchronization of the TDD networks is ensured, is there a need for any guard band at all? If no guard band is required, how best the spectrum left as inter-operator guard band be utilised?

Response : Synchronization be mandated as it will optimize the efficiency of spectrum. Parameters should be as per ITU standards. We are of the opinion that no guard band is required in case synchronization of the TDD networks is mandated.

Q17. Whether the ISP category 'A' licensee should be permitted to acquire the spectrum in 2300 and 2500 MHz bands or the same eligibility criteria that has been made applicable for other bands viz. 800 MHz, 900 MHz, 1800 MHz and 2100 MHz band should be made applicable for 2300 MHz and 2500 MHz bands also?

Response : No, ISP category "A" licensee should not be permitted to acquire the spectrum in 2300 and 2500 MHz bands and recommend that eligibility criteria for all the bands should remain the same.

Q18. Stakeholder are requested to comment on

(a) Whether the guidelines for liberalisation of administratively allotted spectrum in 900 MHz band should be similar to what has been spelt out by the DoT for 800 and 1800 MHz band? In case of any disagreement, detailed justifications may be provided.

(b) Should the liberalization of spectrum in 800, 900 and 1800 MHz be made mandatory?

Response : We are of the opinion that liberalization of the administratively allotted spectrum should not be mandated, since liberalization may not bring benefit to operators, whose licenses are to expire, in the near future. Hence, there is no need to mandate liberalization of the administratively allotted spectrum and choice should be left to the TSPs.

Liberalization of administratively allotted spectrum in 900 MHz band should be done in the same way as for 800MHz and 1800 MHz band.

Q19. Can the prices revealed in the March 2015 auction for 800/900/1800/2100 MHz spectrum be taken as the value of spectrum in the respective band for the forthcoming auction in the individual LSA? If yes, would it be appropriate to index it for the time gap (even if this is less than one year) between the auction held in March 2015 and the next round of auction and what rate should be adopted for indexation?

Response: We are of the opinion that the valuation should be done on the basis of indexation value of the spectrum for the time gap between the auction held in March 2015 and forthcoming auction.

Q20. If the answer to Q.19 is negative, should the valuation for respective bands be estimated on the basis of various valuation approaches/methodologies adopted by the Authority (as given in Annexure 3.1) in its Recommendations issued since 2013 including those bands (in a LSA) for which no bids were received or spectrum was not offered for auction?

NA.

Videocon Telecommunications Limited

Q21. Should the value of 700 MHz spectrum be derived on the basis of the value of 1800 MHz spectrum using technical efficiency factor? If yes, what rate of efficiency factor should be used? Please support your views along with supporting documents/literature.

Q22. Should the valuation of 700 MHz spectrum be derived on the basis of other sub-GHz spectrum bands (i.e. 800 MHz/900 MHz)? If yes, what rate of efficiency factor should be used? Please support your views along with supporting documents/literature.

Q23. In the absence of financial or non-financial information on 700 MHz, no cost or revenue based valuation approach is possible. Therefore, please suggest any other valuation method/approach to value 700 MHz spectrum band along with detailed methodologies and related assumptions.

Ans; As we understand that 700 MHz band is better cellular penetration at lower investment as compared to high frequency spectrum bands. The low-frequency spectrum holds the advantage mobile signal traveling relatively longer distances which would result in reduction of costs (both Opex as well as Capex) of covering less populated regions (e.g. in rural and remote area) as well as providing enhanced indoor coverage compared to use of higher frequencies. The coverage area of 700 Mhz band is 4 times the 1800 MHz therefore, It is recommended that efficiency factor of 4 should be used to drive the value of 700 MHz spectrum as compare to the value of 1800 MHz spectrum.

Q24. Should the value of May 2010 auction determined prices be used as one possible valuation for 2300 MHz spectrum in the next round of auction? If yes, then how? And, if not, then why not?

&

Q25. Should the value of the 2300 MHz spectrum be derived on the basis of the value of any other spectrum band using the technical efficiency factor? If yes, please indicate the spectrum band and technical efficiency factor with 2300 MHz spectrum along with supporting documents.

&

Q26. Should the valuation of the 2500 MHz spectrum be equal to the valuation arrived at for the 2300 MHz spectrum? If no, then why not? Please support your comments with supporting documents/literature.

&

Q27. Is there any other method/approach than discussed above that could be used for arriving at the valuation of 700/800/900/1800/2100/2300/2500 MHz spectrum bands or any international auction experience/ approach that could be used for valuation of any of these bands? Please support your suggestions with detailed methodology and related assumptions.

&

Q28. As was adopted by the Authority in September 2013 and subsequent Recommendations and adopting the same basic principle of equal-probability of occurrence of each valuation, should the average valuation of the spectrum band be taken as the simple mean of the valuations obtained from the different approaches/methods attempted for that spectrum band? If no, please suggest with justification that which single approach under each spectrum band, should be adopted to value that spectrum band.



Videocon Telecommunications Limited

Response: It is recommended that an efficiency factor of .75 to .80 be used to drive the value of spectrum in 2300 MHz as compared to 1800 MHz. Similarly an efficiency factor of .70 be used to drive the value of spectrum in 2500 MHz as compared to spectrum in 1800 MHz band.

Q29. What should be the ratio adopted between the reserve price for the auction and the valuation of the spectrum in different spectrum bands and why?

We are of the opinion that in general, the Reserve Price should be fixed at 80% of the average valuation of the spectrum in respective bands.

Q30. Should the realized prices in the recent March 2015 auction for 800/900/1800/2100 MHz spectrum bands be taken as the reserve price in respective spectrum bands for the forthcoming auction? If yes, would it be appropriate to index it for the time gap (even if less than one year) between the auction held in March 2015 and the forthcoming auction? If yes, then at which rate the indexation should be done?

Response: Please refer our response to question no. 19 above.