



Vodafone Counter Comments on Responses of Stakeholders to TRAI Consultation Paper dated 7 August, 2014 on Valuation and Reserve Price of Spectrum: Licenses expiring in 2015–16

We have gone through the responses on various stakeholders to the Authority's Consultation paper, and have the following counter comments on some of the submissions made by the stakeholders.

1. We first re-iterate and maintain that our licenses are governed by National Telecom Policy 1999 and Clause 4.1 of our license which provides for 'extension' and continuity.
2. We further submit that the DoT has already taken a decision to extend licenses along with spectrum upto the prescribed limit and at the very least, this decision of DoT must be honoured and implemented and that spectrum to be put up to auction, must only be after implementation of such decision.

Without prejudice to the above,

3. We are gratified to note that most of the stakeholders have underlined the need for sufficiency of spectrum for the conduct of a free and fair auction. There also appears to be near unanimity that extension licensees should be treated as existing licensees.
4. Most stakeholders have stated the need to keep the block size at 200 KHz for both 900MHz and 1800MHz bands to maximize such availability.
5. In response to the view of one stakeholder that there is no need for any change in the approach followed at the time of the February 2014 auctions, we would like to respectfully submit that such a view is not correct in our opinion.
6. There is a sea change in the circumstances that were prevailing in February 2014 and the present situation as has been recognized by the Authority in its consultation paper. Under such circumstances, it is completely absurd for any stakeholder to disregard the change in the ground realities and blindly advocate adoption of a template approach. In this regard, we would like to highlight the words of Chairman, TRAI in September 2013:

"The difficulty lies not in the new ideas, but in escaping from the old ones which ramify....into every corner of our minds".

"When the facts change, I change my opinion. What do you do, sir?"

7. We do not agree with the view of one stakeholder that existing spectrum holdings are not liberalized; this issue is presently sub judice before the Hon'ble TDSAT.



8. Without prejudice to our contention above, we submit that the said stakeholder is further opining incorrectly that frequency rearrangement in the same band, amongst licensees should not be permitted irrespective of whether the spectrum is liberalized or not, and the said stakeholder has failed to appreciate that making available contiguous spectrum for auction will necessarily entail corresponding frequency re-arrangement of existing allocations.
9. We would also like to submit that sufficiency of spectrum must be a pre-condition for any auction and it cannot be said that auctions should be held with complete inadequacy of spectrum and under the most coercive conditions. Submissions regarding increasing the supply of spectrum have been made to DoT and it is incumbent upon DoT to ensure adequacy of spectrum before conducting any auction.
10. We submit that any proposal for setting reserve prices at the level of the last auction prices or for indexation of auction prices is completely incorrect. The objective of a reserve price is to deter non serious bidders and to permit widest participation and the maximum play of market forces to facilitate true market discovery. Reserve prices should thus, be set most conservatively. We also reiterate that indexing historic market prices is not appropriate as the expectations on which the historic market prices are based change, with time. Also, such an approach [indexation] assumes that the prices of spectrum can only go up, not down, which is not correct.

New Delhi
15 September'2014