



THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

D S RAWAT
Secretary General

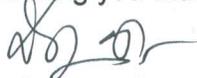
Date: 21st December 2015

Dear Shri Sanjiv Bansal Ji,

Please find attached the **ASSOCHAM** comments on "Consultation Paper on Valuation and Reserve Price of Spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz Bands"

We look forward to working closely with TRAI.

Thanking you with best regards,


(D. S. Rawat)

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ASSOCHAM comments on "Consultation Paper on Valuation and Reserve Price of Spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz Bands"

- Spectrum is the key ingredient for the networks to cater to the India's broadband targets and the Government's vision of a Digital India. Thus not just 800MHz, but the entire spectrum available with DoT in various bands should be put to auction. Apart from the expiring licensee spectrum, unsold spectrum of the March' 2015 auction should also be made available for auction.
- To the extent possible, the spectrum should be put to auction in blocks of 5MHz, so that it is technology agnostic and therefore a truly liberalized market price would be discovered.
- We believe that the block size of the spectrum should also be such that it gives the maximum flexibility to the bidding entity and also maximizes the supply of spectrum. In view of this, we believe that 2x5MHz will be the preferable block size for 700MHz.
- We do not believe that there is any requirement to change the provisions of the NIA. The block size of the spectrum should also be such that it maximizes the supply of spectrum and also gives the maximum flexibility to the bidding entity to deploy a technology of choice. The existing NIA seems to be meeting these objectives.
- There is 221.9 MHz of unallocated spectrum in the 1800MHz band. Accounting for the licenses that would expire during the 2016-18 period, we recommend that the entire spectrum bank in the 1800 MHz band be made available for auction and allocated post harmonization.
- 2300MHz spectrum may be auctioned as an unpaired block of 20MHz like in the 2010 auction. Similarly, 2500MHz may also be auctioned as an unpaired block of 20MHz.
- As a general principle, roll-out obligation should be linked to the license instead of the specific spectrum bands/ blocks.
- "Rural/ Village first" approach for roll-out obligation will distort the market and is therefore not recommended. There will be a sub-optimal spectrum usage which is not in public/ consumer interest and therefore not an appropriate regulatory path for our country.

- Rollout obligations for 800MHz/900MHz/1800MHz have already been crystallized and have been adopted consistently 2012. We recommend that the same should continue as continuous change in the regulatory environment leads to poor investor sentiment. Provisions similar to the existing ones may also be applied to the 2100MHz band.
- The rollout obligations for 2300MHz and 2500MHz should be along the principles and approach followed for 800 MHz and 900/ 1800 MHz bands in the March 2015 Auction
- The eligibility criteria should be the same for all access spectrum bands including for 2300MHz and 2500MHz.
- The guidelines for 'liberalization' cannot be 'band-specific' and should be uniformly and consistently applied across all bands. Also a liberalized price can only be discovered through an auction, where the spectrum put to auction is at least 5MHz or above. A 5MHz band can be used for various advanced technologies and a band size smaller than 5MHz will only shut-out several technologies. We also suggest that liberalization should continue to be an option available to the licensee and should not be mandated.
- Valuation for spectrum has just been discovered in March 2015 and therefore a fresh review is not required. The prices discovered in March 2015 should be used. Circles where the spectrum went unsold the valuation should be revised downwards. Indexation should not be adopted as a principle since prices can go both upwards and downwards and this should be determined by the auction process.
- Yes, the May 2010 auction determined prices may be used for 2300MHz valuation and as stated earlier no indexation should be applied.
- 2500MHz band has poorer propagation characteristics and poorer ecosystem. Therefore the reserve price of the 2500MHz band spectrum should be priced at 20-30% discount to 2300MHz band.
- We are fine with the practise of taking 80% of valuation as the reserve price for 800/ 900/ 1800/ 2100/ 2300 MHz bands.
- 'Realized Price' should not be taken as the Reserve Price however may be taken as the valuation. For unsold spectrum it is only logical to downward revise the valuation and therefore the reserve price.