



भारतीय दूरसंचार विनियामक प्राधिकरण

महानगर दूरसंचार भवन, जवाहर लाल नेहरू मार्ग,  
(पुराना मिनटो रोड), नई दिल्ली-110002

**TELECOM REGULATORY AUTHORITY OF INDIA**

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File No. 901-8/2011-MS

Dated:- 3<sup>rd</sup> November 2011

To,

The Secretary  
Department of Telecommunications  
Sanchar Bhawan  
New Delhi-110001

Sir,

Sub: TRAI's Recommendations dated 11.5.2010 and 8.2.2011 on  
"Spectrum Management and Licensing Framework": reference back  
to TRAI in respect of certain recommendations

Ref:- DoT's letter no. 20-281/2010-AS-I(Vol-II)(Pt) dated 10<sup>th</sup> Oct. 2011

This has reference to the DOT's letter no. 20-281/2010-AS-I (Vol-II)(Pt) dated 10<sup>th</sup> October 2011 conveying the views of the DOT to the TRAI Recommendations dated 11<sup>th</sup> May 2010 on 'Spectrum Management and Licensing Framework', followed by its recommendations on "The 2010 Value of Spectrum in 1800 MHz Band' as well as the clarifications issued by TRAI vide letter no. 103-2/2011-MN dated 3<sup>rd</sup> May 2011.


2. The Authority has given its careful consideration to the views of the DOT and its response on various issues is contained in the attached document. Some of the major issues are being highlighted below:

- A. **Identification of additional spectrum for Telecom services:** Given the endorsement of the DOT to the recommendation of the TRAI to entrust it with the task of identifying additional spectrum, the Authority is separately initiating an exercise to review the usage of spectrum available with the Government agencies. DOT is however requested to convey the decision formally through a Government Order by entrusting this function to TRAI under Section 11 (1) (a) of the TRAI Act. A spectrum reforming fund may be constituted as recommended since dependence

on budgetary processes might not result in timely availability of spectrum.

- B. **Refarming of Spectrum**: TRAI would be separately initiating a consultation process and would be exploring the feasibility of liberalisation of spectrum along with limiting the auction of 700 MHz band auction initially to those not having spectrum in the 800/900 MHz band, subject to the condition that holders of the 800 and 900 MHz band spectrum would pay the market price.
- C. **Unified Licence**: While TRAI would separately furnish the detailed guidelines for the licence, enough detail is contained in the recommendations and it is requested that the policy be announced immediately.
- D. **Uniform licence fee**: The Authority reiterates its recommendation for a Uniform licence fee of 6% to be achieved over the next four years. The proposal involves a revenue surplus to the Government and as such has no adverse financial implication. IP-I and ISP need to be brought under licensing and their licence fee would initially be 3% in the year 2012-13 and ramped up to 6% in 2015-16.
- E. **Roll out obligations**: The Authority reiterates its recommendation to replace the existing urban centric roll out obligations by the revised norms, applicable to all the CMTS/UAS licences. As an incentive, the Authority recommends a progressive reduction of the USOF component of the Licence fee, starting with 0.5% for the achievement of the two years' roll out obligation, extending upto 4% in the event of coverage of all villages with a population of 500 to 2000. The word 'Habitation' has been replaced by 'village'.
- F. **Prescribed limit for spectrum**: It is clarified that the term 'prescribed limit' pertains only to the assignment by the Government of spectrum to a licensee, and does not preclude a licensee from acquiring additional spectrum by way of auction or through mergers.
- G. **Assignment criteria for spectrum**: The Authority reiterates its recommendation regarding the inter-se priority for assignment of spectrum beyond the initial spectrum, with priority being given, however, to those covered by court orders and those who have been assigned spectrum in part of the service area.
- H. **'Current Price' of spectrum**:

In so far as the price of spectrum beyond 8 MHz, the experts having made an estimation of value of spectrum upto and beyond 6.2 MHz,



pricing of spectrum beyond 8 MHz at 1.3 times the price of 8 MHz spectrum would not be appropriate.

As has already been pointed out, the estimation by the experts of the value of spectrum is based on assumptions that are significant and therefore, may or may not match the market price. It is the Authority's considered opinion that the recommendations made by this Authority, regarding cancellation of those licences where the roll out obligations have not been met, be implemented and the resultant spectrum be auctioned.

The price of spectrum in the 800 MHz band would be the same as that of 900 MHz, i.e., 1.5 times the price of 1800 MHz band spectrum, unless market price of 800/900 MHz band is discovered in which case, the market price would prevail.

The Authority reiterates its view that the contracted spectrum is 6.2 MHz/5 MHz (GSM/CDMA). However, should the Government decide to charge the spectrum beyond the initial spectrum by way of amending the license conditions, the 'Current Price' would be what has been estimated by the experts as the price of spectrum in 1800 MHz upto 6.2 MHz.

- I. **Mergers and Acquisitions:** The Authority's recommendations in May 2010 on consolidation of spectrum through mergers and spectrum sharing were in the context of all operators having to be able to offer services. Keeping in view the current context and also the international practice as well as the provisions of the Competition Act, the Authority recommends that upto the level of 35% market share, for the 'Resultant entity', by way of subscribers or AGR in a given service area, be considered as the 'Green line' or 'safe harbour', which can be permitted by the Government. Those falling above 35% and upto 60% would be referred to TRAI for its recommendation, who would carry out a detailed examination to ensure that there would not be any abuse of market dominance. Cases where the resultant entity would have more than 60% market share would not be considered at all, as these would fall beyond the 'Red line'. The limit for spectrum holding by the Resultant entity would be 25% of the spectrum assigned in a service area.
- J. **Spectrum sharing:** Spectrum sharing would be permitted between any two licensees holding spectrum subject to the condition that the total spectrum so shared would not cross the permissible limit under mergers. The permission would be for a period of 5 years, subject to renewal for one more term of 5 years.



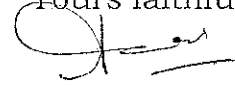
K. **Exit Policy:** As desired, TRAI would initiate a consultation process on the subject and would forward its recommendations to the Government in due course.

3. While the above constitutes the gist of the Authority's response on some of the important issues, reference should be had to the detailed response of the Authority contained in the document attached to this letter.

4. In keeping with practice, a copy of this letter, along with enclosures, is being placed on the website of TRAI [www.trai.gov.in](http://www.trai.gov.in)

5. This letter issues with the approval of the Authority.

Yours faithfully,



(R.K. Arnold)

Encl: as above