

Information note to the Press (Press Release No. 66/2013)

For Immediate release

Telecom Regulatory Authority of India

TRAI Releases Recommendations on 'Valuation and Reserve Price of Spectrum'

New Delhi, 9th September, 2013- The Telecom Regulatory Authority of India (TRAI) has today issued its recommendations on the **"Valuation and Reserve Price of Spectrum"**.

The Department of Telecommunications (DoT) vide its letter dated 10th July 2013 had sought TRAI's recommendations on applicable reserve price for auction of spectrum in 1800 MHz, 800 MHz and 900 MHz bands. In this context, TRAI had issued a Consultation Paper (CP) on 23rd July 2013 on "Valuation and Reserve Price of Spectrum" raising specific issues for consideration of stakeholders. The key issues raised in the CP were quantum of spectrum to be auctioned, eligibility for participation, roll-out obligations, methods to be used for valuation and estimation of reserve price of spectrum, review of spectrum usage charges and spectrum trading. Written comments and counter comments were invited from the stakeholders by 14th August 2013 and 21st August 2013 respectively. The comments and counter comments received from the stakeholders were placed on TRAI's website www.trai.gov.in.

The DoT, through its letter dated 22nd August 2013, had sent another reference and sought the TRAI's recommendations on trading of spectrum which inter-alia may include conditions and timing for permitting trading of spectrum obtained through auction, quantity of spectrum for trading by an operator, revenue payable apart from legal, regulatory and technical framework.

In the CP, issued on 23rd July 2013, TRAI had *suo motu* raised the issue of spectrum trading in the country and had requested comments/counter-comments from the stakeholders on the issue. Stakeholders had furnished their comments on the issue of spectrum trading along with other issues raised in CP. However, in the interest of transparency and full disclosure, further time up to 29th August 2013 was given to all the stakeholders for giving any additional comments on the issues pertaining to permitting spectrum trading in the country, referred by the DoT in its letter dated 22nd

August 2013. Additional comments received from stakeholders were also placed on the TRAI's website.

An Open House Discussion was conducted by TRAI with all the stakeholders on 26th August, 2013 at New Delhi.

After considering the comments received from the stakeholders and further analysis, the Authority has come out with its recommendations **“Valuation and Reserve Price of Spectrum”**. The Salient features of the recommendations are given below:

- Before the upcoming auction, the DoT should come out with a clear roadmap indicating the quantum of spectrum which will be available in future along with time-lines so that licensees whose licences are due for renewal in 2015/16 can take an informed decision about bidding for spectrum in the 1800 MHz band.
- Eligibility conditions prescribed in the recently held auctions (November 2012 and March 2013) should be retained for the upcoming auction.
- There should be no reservation of spectrum for the Renewal Licensees in 900 or 1800 MHz bands.
- In addition to the roll-out obligations already prescribed in the CMTS/UASL/UL (AS)/UL, the following roll-out obligations should also be incorporated for licensees having access spectrum (spectrum in 800/900/1800 MHz band).
 - All villages having population of more than 5000 to be covered within 5 years of effective date of allocation of spectrum for access services and all villages having population of more than 2000 to be covered within 7 years of effective date of allocation of spectrum.
 - These amendments should be made effective from 1st April 2014. However, in case of TSPs holding CMTS/UAS licences prior to the year 2008, the time period for completing these additional roll-out obligations shall be two years/four years from the effective date, while for TSPs acquiring licence post-2008 the time period shall be five years/seven years.



- The reserve prices for 1800 MHz spectrum for 22 LSAs should be as in the table below:

LSA	Reserve Price per MHz (Rs. in crore)
Delhi	175
Mumbai	165
Kolkata	59
Andhra Pradesh	130
Gujarat	115
Karnataka	124
Maharashtra	138
Tamil Nadu	166
Haryana	27
Kerala	52
Madhya Pradesh	43
Punjab	54
Rajasthan	26
U. P. (East)	61
U.P. (West)	62
West Bengal	21
Assam	7
Bihar	37
Himachal Pradesh	6
Jammu & Kashmir	5
North East	7
Orissa	16
Pan India	1496



- The reserve prices for 900 MHz spectrum for Delhi, Mumbai and Kolkata LSAs should be as in the table below:

LSA	Reserve Price per MHz (Rs. in crore)
Delhi	288
Mumbai	262
Kolkata	100


- The feasibility of adoption of E-GSM should be explored in a time-bound manner. The auction in the 800 MHz band should not be carried out now. Therefore, there is no need for determining a valuation or corresponding reserve price for 800 MHz spectrum at present.
- The SUC for all spectrum allocated through auction should henceforth be charged at a flat rate. The Authority also recommends that spectrum acquired on through auction or trading or on which TSP has paid the prescribed market value to the Government should not be added to any existing spectrum holdings for determining the applicable slab rate. This will also apply to spectrum allocated in the auctions held in November 2012 and March 2013.
- A flat rate of 3% of AGR of wireless services should be the uniform rate of SUC for all auctioned spectrum. This will come into effect from 1st April, 2014.
- The SUC rate for BWA spectrum should also be fixed at 3% where services are provided under CMTS/UASL/UL (AS)/UL.
- The highest slab rate of SUC may be brought down to 5% of AGR with effect from 1st April, 2014.
- Spectrum trading should be permitted in the country. Initially, only outright transfer of spectrum should be permitted.
- Only that spectrum should be allowed to be traded which has either been obtained through auction or on which the TSP has paid the prescribed market value to the Government.



- A transfer fee of one percent (1%) of the transactional amount or the prescribed market price, whichever is higher should be imposed on all spectrum trade transactions. The transfer fee should be paid by the transferee to the Government.
- After the Government accepts TRAI's recommendations on spectrum trading, the Authority shall constitute a Steering Committee consisting of TSPs and Industry Associations to work out the details of the implementation issues.

The recommendations have been placed on TRAI's website www.trai.gov.in

For any clarification/ information Shri Arvind Kumar, Advisor (NSL), TRAI may be contacted at Tel. No. +91-11-23220209 Fax No. +91-11-23230056 or email at trai.jams@gmail.com


Sudhir Gupta
Secretary in-charge, TRAI