

Information note to the Press (Press Release No. 67 /2014)

For Immediate Release

Telecom Regulatory Authority of India

**TRAI releases Recommendations on “Valuation and Reserve Price of Spectrum:
Licences expiring in 2015-16”**

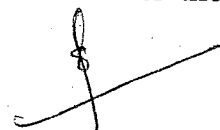
New Delhi, 15th October, 2014 – The Telecom Regulatory Authority of India (TRAI) has today issued its Recommendations on **“Valuation and Reserve Price of Spectrum: Licences expiring in 2015-16”**.

2. Department of Telecommunications (DoT), through its letter dated 17th April 2014 communicated that some of the Telecom Service Providers’ (TSPs) licences are due to expire during December 2015 and early 2016 and sought TRAI’s recommendations on the applicable reserve price for all the service areas for auction of spectrum in 900 MHz and 1800 MHz bands. The Authority sought some information from DoT on 25th April 2014 regarding the availability of spectrum in contiguous and non-contiguous form and the quantum of spectrum that will be put to auction. The DoT, through its letter dated 04th July 2014, provided the LSA-wise details of the available spectrum. The Authority further sought information on 11th August 2014 regarding details of frequencies allotted to TSPs in 900 MHz / 1800 MHz bands. The DoT furnished the required information on 12th September 2014.

TRAI issued a consultation paper on “Valuation and Reserve Price of Spectrum: Licences expiring in 2015-16” on 7th August 2014 seeking the comments of the stakeholders on specific issues related to contiguity of spectrum, the block size, valuation and reserve price of spectrum in 900/1800 MHz spectrum bands etc.

3. Written comments and counter comments were invited from stakeholders by 8th September 2014 and 15th September 2014 respectively. The comments and counter comments received from the stakeholders were placed on TRAI’s website www.trai.gov.in. An Open House Discussion was conducted by TRAI with all the stakeholders on 22nd September 2014 at New Delhi.

4. After considering the comments received from the stakeholders and further analysis, the Authority has come out with its recommendations on **“Valuation and Reserve Price of Spectrum: Licences expiring in 2015-16”**. In these recommendations, the Authority has highlighted that the upcoming auction is critical for the Telecom Service Providers (TSPs) whose licences are due to expire in 2015-16. In the 900 MHz band, only the spectrum held by them is available for the auction.



These licensees will have to win back this spectrum to ensure business continuity in a Licence Service Area (LSA); if they don't, it places the large investment made in the LSAs in jeopardy. The continuity of services to millions of customers is also at stake. In this backdrop, the Authority has emphasized the need to make available additional spectrum before conducting the auction. The salient features of the recommendations are given below:

- A dialogue needs to be held at the level of the Finance Minister, the Minister of Communications and IT and the Defence Minister to ensure the availability of additional spectrum for commercial use.
- 1.2 MHz spectrum in 900 MHz band should be taken back from BSNL from all the LSAs where licences expire in 2015-16 except in Punjab. In lieu, BSNL should be assigned 1.2 MHz in the 1800 MHz band only in those LSAs where its spectrum holding in that band is less than 3.8 MHz in this band i.e. in Gujarat, Rajasthan and West Bengal.
- The DoT should take a completely fresh look at the implementation of E-GSM band.
- Unused spectrum in the Defence band should not be kept idle. In the LSAs, where spectrum assigned to Defence in the 1800 MHz band is more than 20 MHz, DoT should coordinate with Defence for the vacation of spectrum held by Defence in excess of 20 MHz.
- The entire 2x60 MHz in the 2100 MHz band should be made available for commercial use.
- The Government should announce the roadmap for the auction of spectrum in 700 MHz band. This should be done before the conduct of the upcoming auctions in 900/1800 MHz band.
- The auction should be carried only after a clear roadmap is available for vacating spectrum in 2100 MHz band from Defence and in 900 MHz band from BSNL.
- The forthcoming auction should be scheduled after the issues related to supply constraints are resolved. Auctions in the 800 MHz, 900 MHz, 1800 MHz and 2100 MHz band conducted simultaneously.
- The Authority reiterates its recommendation that the frequency rearrangement in the same band, from within the assignments made to the licensees, should be permitted amongst all licensees irrespective of whether the spectrum is liberalised or not. However, the use of spectrum shall be liberalised only if the entire spectrum holding of a licensee in a particular band is liberalised.
- All efforts should be made to make available spectrum in contiguous form. In its recommendations, the Authority demonstrated how such contiguity can be achieved in 7 LSAs in the 900 MHz band. Nevertheless, the entire available spectrum should be put to auction.




- Spectrum should be put to auction in a block size of 2x200 KHz in both the 900 and 1800 MHz bands.
- In the 900 MHz band, the bidders should be required to bid for a minimum of 2x3.6 MHz in those LSAs where spectrum being put to auction is 10 MHz or more and 2x2.4 MHz in the remaining LSAs.
- Fresh valuation of 1800 MHz spectrum for all LSAs is the preferred way to determine value and reserve price of 1800 MHz spectrum (and for 900 MHz spectrum also) for the forthcoming auction.
- The average expected valuation of 1800 MHz spectrum of each LSA should not be lower than the price realized in February 2014 auction in that LSA.
- The value of 900 MHz spectrum in each LSA is subject to condition that average expected value in LSA should not be more than twice the value of 1800 MHz spectrum in that LSA.
- Auctions should not be held in Maharashtra and West Bengal for 1800 MHz spectrum at this stage as spectrum is available in very few districts in these LSAs.
- The reserve price for 1800 MHz spectrum in Rajasthan LSA should be fixed at a discount of 30% on the reserve price calculated due to availability of partial spectrum (as was done in the February 2014 auctions)
- To accelerate the pace of investment, and to give a fillip to the penetration of telecom services, the reserve price for North East LSA has been fixed at a discount of 50% on the reserve price calculated.
- The Recommended reserve prices for 1800 MHz and 900 MHz spectrum are as tabulated below.

RECOMMENDED RESERVE PRICE (PER MHZ)

(Rs. in crore)

LSA	Category	Recommended Reserve price for 1800 MHz	Recommended Reserve price for 900 MHz
Delhi	Metro	364	@
Mumbai	Metro	272	@
Kolkata	Metro	73	@
Andhra Pradesh	A	163	271
Gujarat	A	238	339
Karnataka	A	155	286
Maharashtra	A	*	420
Tamilnadu	A	208	338
Haryana	B	32	64
Kerala	B	75	150
Madhya Pradesh	B	69	138
Punjab	B	71	141



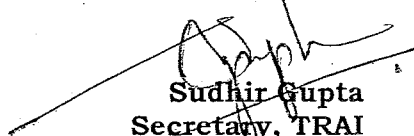
Rajasthan	B	60	172
U. P. (East)	B	97	195
U.P. (West)	B	95	152
West Bengal	B	*	70
Assam	C	36	58
Bihar	C	62	123
Himachal Pradesh	C	9	19
Jammu & Kashmir	C	25	@
North East	C	11	21
Orissa	C	23	47

* Reserve Price not recommended as spectrum is available in very few districts of LSA.

@ 900 MHz spectrum is not available/ not likely to be available in Delhi, Mumbai, Kolkata and J&K LSAs. Hence, the reserve price has not been given.

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

5. 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 trai.iam@gmail.com.


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