

URGENT

09 Nov 09

The Chairman,
Telecom Regulatory Authority Of India
Mahanagar Door Sanchar Bhavan ,
Jawahar Lal Nehru Marg, (Opposite Ram Lila Ground),
New Delhi 110002

Kind attention: Shri Sudhir Gupta , Advisor [MN]
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Sir,

COMMENTS ON CP ON

OVERALL SPECTRUM MANAGEMENT

VOICE comments are given in succeeding paragraphs.

1 Spectrum Application

Spectrum is needed for various applications- ACCESS service[GSM/CDMA] & Broadband

2 Applications, Achievements & Targets

A] Mobile Services --- We have reached a tele density of 50 and spectrum is needed for further growth .

B] PRIORITISE NEGLECTED APPLICATION : Broadband Services

DoT & Service Providers hide DISMAL PERFORMANCE under RURAL TELEPHONY /BB ,3G and gloat on tele density. Achievement is a SAD STORY and the TARGETS do not speak of a FAST DEVELOPING country if we compare with KOREA. In KOREA 96% household have BROADBAND against ours 0.5%.

Target fixed will only take us to 0.7 % . Is it our capability? Without CHALLENGING TARGETS & RADICAL measures , we will reach NO WHERE . It simply BELITTLES OUR CAPABILITY, COMPETANCE and enterprise. Even developed countries In EUROPE have undertaken CONCTRETE steps to increase it which includes TECHNOLOGY & SPECIAL FUND.

DoT failed to unbundle the last mile affecting BROADBAND penetration. Digital Dividend is the answer.

DIGITAL DIVIDEND for increased BROADBAND , better internet penetration and combination of services for ECONOMIC benefits.

Broadband is an essential tool for ADMINISTRATIVE REFORMS & e-governance –a must to eradicate corruption. For worthwhile growth, it need be placed as PRIORITY ONE. Tele density will not stay behind and will grow faster.

This will be the FRONT RUNNER for INTERNET TELEPHONY and SERVICE PROVIDERS designs to DENY CHEAPER STD/ISD CALLS to the subscribers will fail.

USO FUND can be utilized as a catalyst to PROMOTE broadband by subsidizing service providers up to 1 GB . KOREA has done it & EUROPE is doing it.

3G will certainly add to internet growth will not increase BROADBAND penetration- urban subscribers will either shift or may add some number. **It will no way take us to the DESRIED TARGET OF 80% penetration.**

C] **Rural Telephony & Broadband**

Money in USO and Technology in Wimax is available. Why delay?

3 **AVAILABILITY , ALLOCATION & USAGE**

A] Allocation need be based on USAGE PRIORITY & NATIONAL OBJECTIVES . Efficient use of spectrum – technology , return of unused spectrum , REFORMING and **identification of 700 MHz as new NEW SOURCE** has been amply highlighted but needs EXPLOITATION .

B] High time that service providers STOP calling wolf – SPECTRUM NONAVAILABILITY for poor service , call dropping and congestion and resort to increase in number of BTS, recent developments , reforming , WHERE NEEDED , as problems are restricted to METROS only.

4. Answers to issues raised a given at annexure

Thanking you,

Yours Sincerely,

Col S N Aggawal, Veteran
Telecom Advisor

SUMMARY OF ISSUES FOR CONSULTATION

Chapter 1

Spectrum requirement and availability

1. Do you agree with the subscriber base projections? If not, please provide the reasons for disagreement and your projection estimates along with their basis?

We agree with the projections, though EXTRA OPTIMISTIC.

2. Do you agree with the spectrum requirement projected in ¶ 1.7 to ¶1.12? Please give your assessment (service-area wise).

Unable to comment.

3. How can the spectrum required for Telecommunication purposes and currently available with the Government agencies be re-farmed?

Government agencies should be provided ALTERNATE MEDIUM & EQUIPMENT before asking them to surrender the spectrum. Why has it taken so long ,is beyond imagination. Funds required ned be provided by DoT from the revenue received by AUCTION.

4. In view of the policy of technology and service neutrality licences, should any restriction be placed on these bands (800,900 and 1800 MHz) for providing a specific service and secondly, after the expiry of present licences, how will the spectrum in the 800/900 MHz band be assigned to the operators?

No restriction be placed on service providers holding service neutrality license. FINAL frequency allocation must be PLANNED NOW, using the transit period which will enable the service provider to PLAN according to futuristic allocation after expiry of license period.

5. How and when should spectrum in 700 MHz band be allocated between competitive services?

NOW. Without delay.

6. What is the impact of digital dividend on 3G and BWA?

As this will be useful for mobile broadband, increase internet penetration and being cheap, is ideal source to FACE FUTURE CHALLENGE and MEETING TARGETS. In no way will it affect 3G & BWA.

This will complement their contribution. Ideal for area other than four metros.

Chapter 2

Licensing issues

7. Should the spectrum be delinked from the UAS Licence? Please provide the reasons for your response.

Recent experiment suggests that for level playing field and to avoid SCAMS, these must be delinked.

8. In case it is decided not to delink spectrum from UAS license, then should there be a limit on minimum and maximum number of access service providers in a service area? If yes, what should be the number of operators?

No necessity of restriction on NUMBER of service providers if role out conditions are enforced with RIGIDLY.

9. What should be the considerations to determine maximum spectrum per entity?

Efficient usage—correct number of BTS, refarming, and technological advancements.

10. Is there a need to put a limit on the maximum spectrum one licensee can hold? If yes, then what should be the limit? Should operators having more than the maximum limit, if determined, be assigned any more spectrum?

YES. If holding more than required, this must be withdrawn, leave aside additional allotment.

11. If an existing licensee has more spectrum than the specified limit, then how should this spectrum be treated? Should such spectrum be taken back or should it be subjected to higher charging regime?

It must be taken back, allotted to the NEEDY on auction / better bidding. Higher CHARGING REGIME, WITHOUT USE is criminal waste.

12. In the event fresh licences are to be granted, what should be the Entry fee for the license?

TO ensure that non serious players do not clutter, License [without spectrum] as well spectrum need be auctioned.

13. In case it is decided that the spectrum is to be delinked from the license then what should be the entry fee for such a Licence and should there be any roll out condition?

No roll out condition for license [without spectrum] .Spectrum owner must be OBLIGATED to roll out , failing which , SPECTRUM be withdrawn.

14. Is there a need to do spectrum audit? If it is found in the audit that an operator is not using the spectrum efficiently what is the suggested course of action? Can penalties be imposed?

Yes. First ly. Impose PENALTY. Second step- withdraw.

15. Can spectrum be assigned based on metro, urban and rural areas separately? If yes, what issues do you foresee in this method?

Assigned based on METRO and REST. Subscriber numbers and future potential.

16. Since the amount of spectrum and the investment required for its utilisation in metro and large cities is higher than in rural areas, can asymmetric pricing of telecom services be a feasible proposition?

Yes. It is feasible.

M&A issues

17. Whether the existing licence conditions and guidelines related to M&A restrict consolidation in the telecom sector? If yes, what should be the alternative framework for M&A in the telecom sector?

No. These do not restrict the consolidation.

18. Whether lock-in clause in UASL agreement is a barrier to consolidation in telecom sector? If yes, what modifications may be considered in the clause to facilitate consolidation?

Lock-in clause is not a barrier to consolidation.

However, any player may be allowed to QUIT after paying a penalty.

19. Whether market share in terms of subscriber base/AGR should continue to regulate M&A activity in addition to the restriction on spectrum holding?

YES

20. Whether there should be a transfer charge on spectrum upon merger and acquisition? If yes, whether such charges should be same in case of M&A/transfer/sharing of spectrum?

Transfer Charge on Spectrum upon M&A must be levied and may be the same as in case of of transfer / sharing.

21. Whether the transfer charges should be one-time only for first such M&A or should they be levied each time an M&A takes place?

MUST BE LEVIED EACH TIME.

22. Whether transfer charges should be levied on the lesser or higher of the 2G spectrum holdings of the merging entities?

BOTH

23. Whether the spectrum held consequent upon M&A be subjected to a maximum limit?

YES

Spectrum Trading

24. Is spectrum trading required to encourage spectrum consolidation and improve spectrum utilization efficiency?

Not essential as it will b dependent area to area. It must no be allowed to create TRADE RESTRICTIONS & MONOPOLY .

25. Who all should be permitted to trade the spectrum ?

Only those a] with unused or surplus spectrum b] Winding up their operation

26. Should the original allottee who has failed to fulfill "Roll out obligations" be allowed to do spectrum trading?

NO

27. Should transfer charges be levied in case of spectrum trading?

YES

28. What should be the parameters and methodology to determine first time spectrum transfer charges payable to Government for trading of the spectrum? How should these charges be determined year after year?

To be decided by the REGULATOR.

29. Should capping be limited to 2G spectrum only or consider other bands of spectrum also? Give your suggestions with justification.

LIMIT it to 2G

30. Should size of minimum tradable block of spectrum be defined or left to the market forces?

Leave it to market forces provided the tradable spectrum meets othe criteria— surplus/ Unused etc.

31. Should the cost of spectrum trading be more than the spectrum assignment cost?

YES. It may encourage spectrum sharing because of cost and lead to better & efficient use.

Spectrum sharing

32. Should Spectrum sharing be allowed? If yes, what should be the regulatory framework for allowing spectrum sharing among the service providers?

YES .It will result in better utilization and cost reduction. Leave it to the regulator.

33. What should be criteria to permit spectrum sharing?

Regulator may decide considering TECHNICAL & OTHR considerations

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34. should spectrum sharing charges be regulated? If yes then what parameters should be considered to derive spectrum sharing charges? Should such charges be prescribed per MHz or for total allocated spectrum to the entity in LSA?

As spectrum sharing will lead to ECONOMIC USE, there need be NO CHAGE on spectrum sharing. However parameters for sharing be decided by the re gulator.

35. Should there be any preconditions that rollout obligation be fulfilled by one or both service provider before allowing the sharing of spectrum?

YES. Otherwise it may be A RUSE to AVOID SURRNDER OF UNUSED SPECTRUM.

36. In case of spectrum sharing, who will have the rollout obligations? Giver or receiver?

Sharing implies BOTH have roll out obligations.

Perpetuity of licences

37. Should there be a time limit on licence or should it be perpetual?

It should be perpetual. In case of transfer, M&A , all liabilities are born by the receiver.

38. What should be the validity period of assigned spectrum in case it is delinked from the licence? 20 years, as it exists, or any other period

There need be NO VALIDITY PERIOD as any change of OWNERSHIP is CHARGED.

39. What should be the validity period of spectrum if spectrum is allocated for a different technology under the same license midway during the life of the license?

No change in VALIDITY period

40. If the spectrum assignment is for a defined period, then for what period and at what price should the extension of assigned spectrum be done?

Perpetual assignment for a SERVICE PROVIDER is ideal . However extension should be for a longe period than earlier assigned.

41. If the spectrum assignment is for a defined period, then after the expiry of the period should the same holder/licensee be given the first priority?

CERTAINLY.

Uniform License Fee

42. What are the advantages and disadvantages of a uniform license fee?

It does avoid AMBIGUITY but doe not provide level playing field as the SUBSCRIBR[business] potential is different in metro, urban & rural area.

43. Whether there should be a uniform License Fee across all telecom licenses and service areas including services covered under registrations?

ENTRY FEE may be uniform but not the license fee which may be fixed by AUCTION and coved annually as percentage of revenue.

44. If introduced, what should be the rate of uniform License Fee?

NOT RECOMMENDED

Chapter 3

Spectrum assignment

45. If the initial spectrum is de-linked from the licence, then what should be the method for subsequent assignment?

AUCTION. In case of RENEWAL o license , MARKET price be fixed and charged.

46. If the initial spectrum continues to be linked with licence then is there any need to change from SLC based assignment?

YES. Subsequent assignment be made on AUCTION.

47. In case a two-tier mechanism is adopted, then what should be the alternate method and the threshold beyond which it will be implemented?

NO COMMENT

48. Should the spectrum be assigned in tranches of 1 MHz for GSM technology? What is the optimum tranche for assignment?

NO COMMENT

49. In case a market based mechanism (i.e. auction) is decided to be adopted, would there be the issue of level playing field amongst licensees who have different amount of spectrum holding? How should this be addressed?

NO. It does not have bearing on LEVEL FIELD

50. In case continuation of SLC criteria is considered appropriate then, what should be the subscriber numbers for assignment of additional spectrum?

His problem is specific to METROS. SLC is appropriate but creates MONOLITH and will affect growth of additional players and competition.

51. In your opinion, what should be the method of assigning spectrum in bands other than 800, 900 and 1800 MHz for use other than commercial?

Priority be decided by the cabinet on DEFENCE, RESEARCH, RAIL , AIR TRAFFIC and security agencies.

Spectrum pricing

52. Should the service providers having spectrum above the committed threshold be charged a one time charge for the additional spectrum?

NO. Eithe surrender or pay market price.

53. In case it is decided to levy one time charge beyond a certain amount then what in your opinion should be the date from which the charge should be calculated and why?

NO COMMENTS.

54. On what basis, this upfront charge be decided? Should it be benchmarked to the auction price of 3G spectrum or some other benchmark?

To be decided by the egulator based on MARKETING CONDITIONS.

55. Should the annual spectrum charges be uniform irrespective of quantum of spectrum and technology?

NO. Difeential chages ae recommended.

56. Should there be regular review of spectrum charges? If so, at what interval and what should be the methodology?

To be reviewed at he interval of SIX years , depending on TECHNOLOGICAL DEVELOPMENS and needs . It must not be SWORD OF DEMOCLE for service providers.

Structure for spectrum management

57. What in your opinion is the desired structure for efficient management of spectrum?

A] Availability-- All available SPCTRUM including 700 MHZ be considered.

B] Need- Security, Social & Commercial

C] Best Technology – MODERN TECHNIQUES AVAILAB:LE must be made obligatory

D] Efficient ALLOCATION

E] Best management ie No of BTS, QoS and competition

F] Provision for change like MNP

Other issues

PRIORITISE NEGLECTED APPLICATION : Broadband Services

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B] High time that service providers STOP calling wolf – SPECTRUM
NONAVAILABILITY

- for poor service , call dropping and congestion and resort to increase in number of BTS,
recent developments , refarming , WHERE NEEDED , as problems are restricted to METROS only.

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4 Dec Nov 09

The Chairman,
Telecom Regulatory Authority Of India
Mahanagar Door Sanchar Bhavan ,
Jawahar Lal Nehru Marg, (Opposite Ram Lila Ground),
New Delhi 110002

Kind attention: Shri Sudhir Gupta , Advisor [MN]
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Sir,

OHD on SPECTRUM
[30.11.09 TO 02.12.09]

VOICE and other CAGs expressed their concerns on the subject during OHD.
These are resubmitted for SERIOUS CONSIDERATION.

While chartering the ROAD MAP , we need to identify the challenges , opportunity
and assets for future GROWTH .

Spectrum Allocation must be strictly **NEED based** . Need must not be MISPLACED or SKEWED
but PROPERLY analysed considering POTENTIAL, GROWTH & ECONOMY --- leading to
CORRECT PRIORITY.

1 VOICE

Metro tele density has exceeded 100% , urban nearing 100% and the future challenge lies in
additional numbers in RURAL AREA.

With USO fund managers , coming out of slumber and enterprise of TELCO's , we do not see
any problem in move forward.

Hence , despite subscriber PROJECTIONS in the consultation paper , over emphasis on VOICE
is distracting rather than forward looking approach. The area of concern is not additional
VOICE numbers but DATA.

2 BROAD BAND

Major CHALLENGE, OPPORTUNITY and potential lie in BROADBAND proliferation from
existing 0.5 % to 96% . So far our achievement is VERY DISMAL.

TELCO's & ISP's are national assets and are capable of facing the challenge. **POLICY
MAKERS have to WIDEN THEIR VISION and HORIZON.**

3 TELECOM MESS

CAG's are concerned about the **MESS created by the DoT** . It is irresponsible , arrogant and non accountable. **Media is INDIFFERENT & INSENSITIVE. HURT , they TRAVELLED at their own expense from Mumbai, Bangalore and Chandigarh to voice their concern affecting the consumers and th industry**

A] Spectrum

Use & vacation of spectrum by GOVERNMENT agencies should have been discussed at INTER DEPARTMENTAL meeting. DEFENCE, ISRO, RAILWAYS , AIR TRAFFIC are all NATIONAL NECESSITY . Use of OHD to force these departments for VACATION is to hide their FAILURE.

One wonders as to HOW CAN YOU AUCTION what is not available with you and why concrete steps not taken for their vacation..

B] CARTELISATION by SERVICE PROVIDERS

Though service providers **were allowed INTERNET TELEPHONY three years** earlier , they have defied the ORDERS depriving consumers the CHEAP STD/ISD calls. **Penalise the service providers OR create alternative by permitting ISP's to extend this service.**

WORST effect has been on BROAD BAND penetration , most miserable performance--- just 0.5 %.

They should not be allowed to hold the TECHNOLOGY & CONSUMERS to RANSOM. Their approach –“ Neither we will provide Internet Telephony nor WE will allow any one else to DO SO”.

C] Mobile Number Portability

Present TARIF WAR is the effect of MNP which will result in CHURNING. Hence the long awaited needs- BETTER QUALITY of service . Telcos ,having realised the WOES OF SUBSCRIBERS ,are NOW coming out with INNOVATIVE METHODS for subscriber RETENTION. Reduced rates of voice call , roaming and SMS rates are healthy outcome.,

DoT dragged this for FOUR YEARS—detrimental to industry & consumer, despite recommendations of TRAI.

D] RURAL TELEPHONY

TELCO's have contributed towards USO & technology is available. **Inertia of DoT has harmed rural telephony.**

E] **POLICY**

Policy is not oriented towards growth of industry. Telco's are taxed at every step—license , entry, spectrum etc. It must be streamlined- **From LICENSE CENTRIC to SPECTRUM CENTRIC.**

No license fee, NO entry fee. Spectrum AUCTION / TRADING should be the only criteria for business.

5 **Telcos' Issues on spectrum & Technolog**

Service Providers must be provided PLATFORM to voice their concerns—may be TDSAT , OPEN DEBATE or Court.

OHD must not be ABUSED for discussing issues which concern all STAKE HOLDERS.

6. We appeal to the POLICY MAKERS, DoT & the regulator , to move forward with Correct VISION , keeping the THIRD TELECOM REVOLUTION [96% BROAD BAND] as a main challenge , in mind . We must not WASTE TIME & ENERGY by creating complications and avoiding issues.

Thanking you,

Yours Sincerely,

Col S N Aggarwal-Veteran
Telecom Advisor, VOICE