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Mr. Arvind Kumar,
Advisor (Networks, Spectrum and Licensing),
Telecom regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg,
New Delhi: 110 002

Valuation and Reserve Price of Spectrum: Licences expiring in 2015–16

Dear Sir,

The GSMA welcomes the opportunity to submit its views on the consultation paper issued which discusses the matters for the next round of spectrum auctions.

The environment for spectrum auctions is increasingly becoming complex as the Government releases additional spectrum for mobile in existing bands and manages the auctioning of 900 MHz existing spectrum, especially in areas where demand is much higher than the supply.

Effective and efficient management of this complex environment is critical to ensure continued investment in, and development of, mobile services. There is no one fit for all solution for auctions and the specific circumstances of each market must be considered to ensure an economically efficient allocation of spectrum, delivering the desired government objectives whilst meeting the needs of industry, investors and citizens.

In the last round of auctions of 900 MHz spectrum in key metro areas, there was reasonable prospect of reallocation of resources to 1800 MHz, in case operator failed to retain all spectrum. It is however now useful to examine circumstances in cases where there is not enough spectrum in some service areas for operators in upcoming auction, as duly noted by the TRAI. The process therefore needs to be managed carefully if investment is to continue and disruption to services avoided. Some markets have used other methods such as an 'administrative procedure' for licence renewal, primarily because markets have been seen to be competitive and the economic value of continuity of service has been seen by governments to outweigh any potential benefit of using auctions to determine the economic value of the spectrum.



The limited amount of spectrum in select service areas raises additional issues for regulatory policy as in some cases the upcoming auction could possibly result in all spectrum being taken away from the existing users, significantly impacting consumers.

Re-assigning spectrum away from the existing users could also potentially result in operators facing additional costs associated with re-planning and implementing changes to their networks in response to the loss of spectrum and potential disruption of service which could impose a wider cost on the economy.

The amount of spectrum made available and the terms on which it is made available fundamentally drive the cost and availability of mobile services. Therefore GSMA strongly encourages India's policy makers to allocate additional, harmonised, spectrum for mobile use. In particular, the GSMA would like to stress the importance of making spectrum available in areas, where there is not enough spectrum and where existing operators' services are put at risk.

Another key criterion is to provide contiguous and large blocks of spectrum to allow Indian economy and consumers to benefit from alignment with wider global ecosystem. For both HSPA and LTE, contiguous spectrum availability enables operators to deliver a better service to customers. Wide contiguous spectrum bands enable faster mobile broadband services.

Also, the demand for, and limited supply of spectrum can drive spectrum prices high to protect existing operations, as was seen in the last 900 MHz February 2014 auctions. Unreasonably high spectrum prices lead to increased debt levels, limiting operators' ability to plan long-term investment and ultimately reducing the value derived from the use of the spectrum.

Spectrum licensing is fundamentally about ensuring that a country obtains maximum benefits from the use of its spectrum resources. The GSMA therefore request the TRAI to take a holistic approach to spectrum licensing to enable long term investment and growth of the mobile industry in India.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sandeep Karanwal", is written over a horizontal line.

Sandeep Karanwal
Director, GSMA India