



a step ahead

SSTL/TRAI/04-2012/04  
5<sup>th</sup> April 2012

The Advisor (MN),  
Telecom Regulatory Authority of India,  
Mahanagar Door Sanchar Bhawan,  
Jawahar Lal Nehru Marg,  
(Old Minto Road),  
New Delhi -110002

**Subject:- Draft Response on Exit Policy**

Dear Sir,

This is in reference to the "Draft Response on Exit Policy for Various Telecom Licenses", published by TRAI on 26<sup>th</sup> March 2012. Please find below SSTL's response on the same

A well-defined exit policy is an important element of inducing transparency and fostering perfect competitiveness. It also helps trigger reallocation of resources for efficient utilization enabling better service provisioning to the end consumer thus fulfilling policy objectives in the long run.

Consumer interests are best served in a market of perfect competitiveness. A contestable market is one into which entry is absolutely free, *and exit is absolutely costless*. Absolute freedom of exit is one way to guarantee freedom of entry. This means that any firm can leave without any impediment and in the process of departure can recoup costs incurred in the entry process. In the context of telecom licenses, application of this theory may mean refund of the license entry fee which is not allowed in the current licensing regime in India.

Thus, there may be a case for altering the current licensing provisions and incentivizing exit from the license may be considered.

Providing for an exit policy in licensing is one aspect that has immediate implications for the state of the telecom industry. An exit policy paves the way towards consolidation and induces market forces to redistribute input resources to serve the development needs of the industry as a whole. This has a bearing on the quality of service (QoS) being offered to the end consumer as the consolidating agent (operator) is in a better position to redeploy the resources in an optimum manner. Considering these arguments, a well-defined exit policy is an imperative for healthy functioning of the industry.

In this regard, we are giving below our comments against Para 15 and 16 :

"15) With reference to various category of licenses mentioned in para 14 above, it may be noted that regarding the licenses listed under Category (a), as per the judgment of the Hon'ble Supreme Court, they stand cancelled after four months of the date of judgement. Therefore there is no need for any Exit Policy in respect of these UAS Licensees."

**Sistema Shyam TeleServices Limited**

A Sistema Shyam Company

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We wish to respectfully submit that, in this context the licenses have been quashed by the Hon'ble SC terming the policy of the government illegal and arbitrary. In this situation, the "eligible" operators are not at fault in regards to any licensing conditions.

Additionally, there are certain licensees (in this category) who have not even received spectrum assignment from WPC/DoT.

Therefore, in the event of cancellation of licenses, there is a justified case in the refund of the Entry Fees (on a pro-rata basis) to those "eligible" operators.

In case, any of these cancelled licensees, manage to win back the License/ Spectrum through auction mode or any other alternative, then against the new entry fee paid for the license/spectrum, the earlier paid License Entry Fee should be adjusted (on a pro-rata basis).

"16) In so far as licenses falling under category (b) are concerned, in view of the fact that these Licensees are operational for a number of years and have substantial network and subscribers, there seems to be no requirement for an exit policy for them."

We wish to respectfully submit that the premise that a Licensee has been operational for several years and has substantial network and subscribers and hence no need for an exit policy is not correct.

Any Licensee should have an easy and incentivized option to exit operations and should be get a refund of the entry fee (on a pro-rata basis). This will facilitate early release and re-use of spectrum holdings for a more efficient utilization of the same.

We also wish to submit that there can always be a possibility, in future, that the existing licensees may face a similar fate (as the current cancelled licensees) due to extraneous reasons (where the Licensee is not at fault) like war, force majeure etc. An Exit Policy with refund is definitely justified.

Additionally, there are licensees who have either been awarded partial spectrum (in a circle) or no allocation of spectrum has been made (in certain circles). These licensees also should be allowed to exit, in case the Licensee so desires, and should get refund of the Entry Fee.

In light of the above, we request TRAI to reconsider the contents in Para 18 and formulate and appropriate Exit Policy.

Thanking you

Yours sincerely,  
For **Sistema Shyam Teleservices Ltd.**

**T. Narasimhan**  
Dy. Chief Executive Officer