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

Valuation and Reserve Price of Spectrum: 2100 MHz Band

Dear Mr Kumar,

GSMA appreciates the Telecom Regulatory Authority of India (TRAI)'s efforts to recognise the mobile industry's concerns for service continuity in light of the upcoming auction and recommending to auction all frequency bands (800 MHz, 900 MHz, 1800 MHz, 2100 MHz) via a multi-bands auction.

We request the Authority to urge the Government to atleast make available 2x20 MHz in 2100 MHz in the forthcoming auction. The allocation of this additional spectrum to mobile operators would be critical to ensure Indian citizens fully enjoy the benefits of 3G mobile services and boost mobile broadband growth in India.

Below are GSMA comments to some key issues raised in the public consultation:

2100MHz Band and Spectrum Cap

- The allocation of additional spectrum to mobile operators in the 2100 MHz band is critical to ensure Indian citizens can fully enjoy the benefits that 3G mobile services bring to society. This will not only ensure optimal use of the resource but will provide an opportunity for operators to expand their 3G footprint and to boost mobile broadband growth in India.
- As rightly pointed out by the Authority, the 2100 MHz band is globally harmonized and a large device and handset ecosystem support this band synergy for mobile broadband services.
- In a sharp contrast with many other Asian countries, India is yet to allocate a comparable amount of spectrum to mobile in the 2100 MHz band. Countries like Australia, South Korea,



Malaysia and Indonesia¹ have all allocated the full 2x60 MHz harmonised spectrum for mobile services. In India, limited amount of this spectrum was made available in 2010, where none of the 3G operator managed to obtain nationwide coverage. Therefore, GSMA fully supports TRAI's earlier recommendations to make available the entire 2x60 MHz for commercial mobile broadband use.

- GSMA believes that operators should not be penalised for using their spectrum assets successfully or be constrained in delivering new services. Usually operators with larger market share are the ones that need more spectrum to meet customer demand.
- Globally, the average amount of 2100 MHz spectrum licensed per operator has been 2x14.65 MHz². The 2010 3G auctions in India however resulted with operators having only 2x5 MHz with having presence only in few service areas. In a country where mobile will be the primary vehicle for internet and broadband adoption, this is creating a market structure that is not sustainable and hamper broadband uptake.
- As mobile broadband in India is forecast to increase to 250 m by 2017³, larger blocks of spectrum per operator will be required to meet consumer demand.
- GSMA believes that the Authority should allow operators to bid for more than one block of spectrum. Policies should be adopted to embrace market based principles that ensure spectrum rights are assigned to those who can generate the greatest benefits to society from the efficient use of that spectrum.

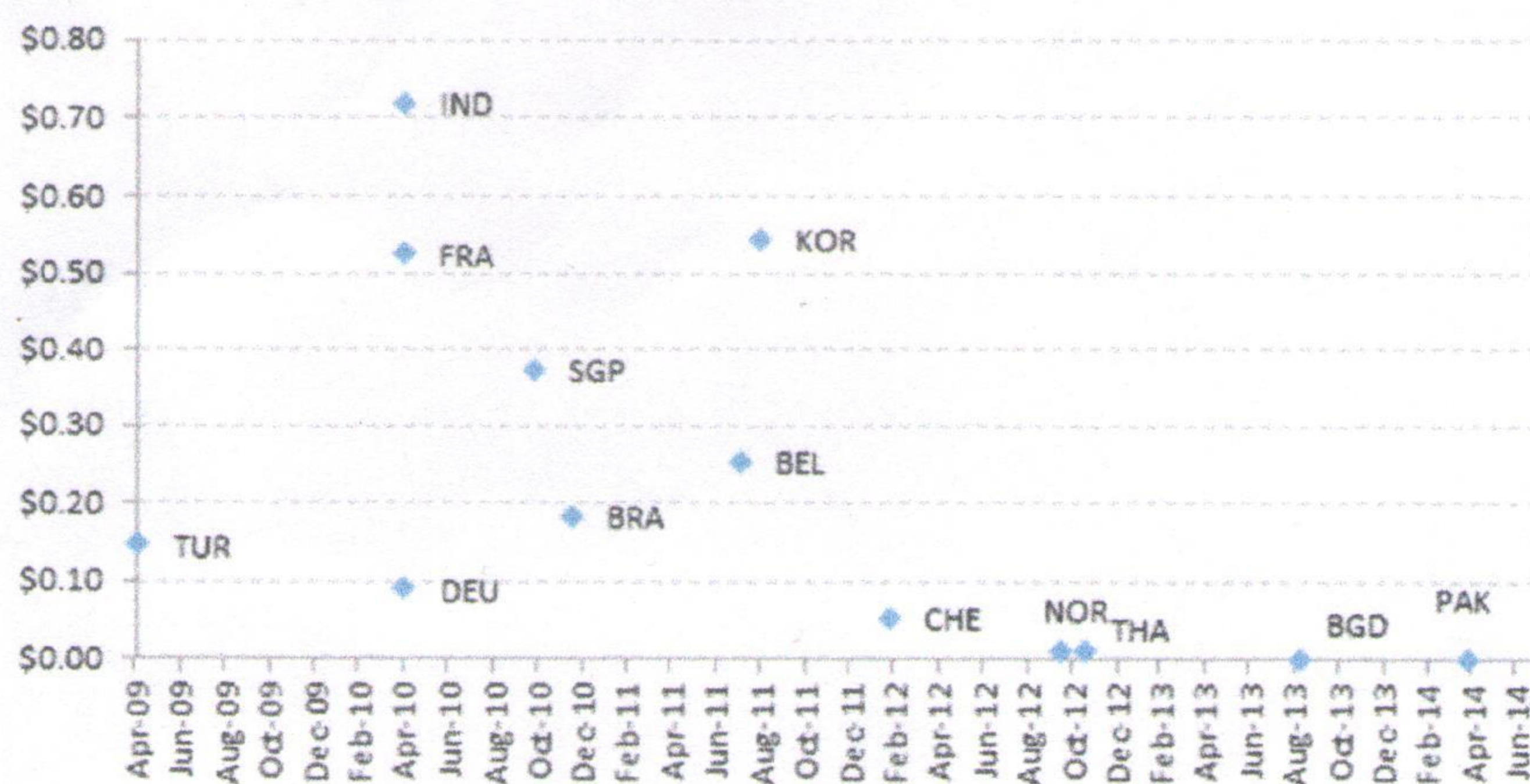
Reserve Price for 2100 MHz

- The amount of spectrum and the terms on which it is made available fundamentally drive the cost, range and availability of mobile services.
- GSMA believes that reserve prices should be set conservatively rather than to try to match the expected market price. 3G licensing experience from the 2010 auction in India shows the impact of setting inappropriately high reserve prices. An unnecessarily high cost-burden was imposed on the industry, leading to high debt ratio, adverse downstream consequences in terms of roll-out, competition and consumer choice.

¹ Source: GSMA: The Mobile Economy, India 2013

² GSMA Intelligence analysed data for 252 operators globally.

³ Source: GSMA Intelligence




2100 MHz Spectrum Price / MHz / Population, PPP adjusted

Source: GSMA Intelligence

- The final 2010 auction price in India (USD/MHz/pop- PPP adjusted) for the 2100 MHz band was among the highest in the world (see graph above).
- These high spectrum prices generated government revenues in the short-term, but brought undesirable long-term costs resulting in lower adoption of mobile services. This also led to the higher debt ratios for the operators and reduced ability to invest in network infrastructure

GSMA remains at your disposal to ensure any questions you may have on the above and we hope this submission will be valuable to TRAI before finalising its recommendations to the Government of India.

Yours Sincerely,



Sandeep Karanwa
Director
GSMA-India