



BIF Response to TRAI Consultation Paper on Methodology of applying Spectrum Usage Charges (SUC) under the weighted average method of SUC assessment, in cases of Spectrum Sharing

Q1. Do you agree that as per the existing Spectrum-Sharing Guidelines dated 24th September 2015, post sharing of spectrum, increment of 0.5% on SUC rate should apply on the spectrum holding in specific band in which sharing is taking place and not on the entire spectrum holding (all bands) of the TSPs. Please justify your answer.

BIF RESPONSE

1. Yes, BIF firmly agrees that as per the existing Spectrum-Sharing Guidelines dated 24th September 2015, post sharing of spectrum, increment of 0.5% on SUC rate should apply on the spectrum holding in specific band in which sharing is taking place and not on the entire spectrum holding (all bands) of the TSPs. The reason for the same is as below:
 - a. Vide para (2) of the spectrum-sharing guidelines issued by DoT dated 24th September 2015, it had already allowed sharing of spectrum between two service providers utilizing the spectrum in the same band. Further in para (3) of these guidelines it had specified that spectrum sharing is not permitted when both the licensees are having spectrum in different bands. Further, as per para (12) of the said guidelines, it is mentioned that for the purpose of calculating SUC it shall be considered that licensees are sharing their entire spectrum holding in a particular band in the entire Licensed Service Area, and SUC rate shall be increased to 0.5% of AGR.
 - b. The combined reading of clauses (2), (3) and (12) of the Spectrum-Sharing Guidelines dated 24th September, 2015, makes it absolutely clear that sharing of spectrum is permitted only in the same specific band and not on the entire spectrum band held by the licensees. Hence, increase of SUC rate of the particular spectrum band which has been allowed to be shared between two licensees shall only increase by 0.5% of AGR, and not for the other spectrum bands.

2. BIF would like to place on record that asking TSPs to pay SUC on the SUC on the entire holding and not the specific band where sharing is taking place is inequitable and unreasonable.

Q2. Do you think that increment in SUC rate is a deterrent for TSPs in entering into spectrum-sharing arrangements? Further, do you also think that in order to facilitate the spectrum sharing, there should not be any increment in SUC rate post sharing of spectrum? Please justify your answer.

BIF RESPONSE

1. BIF believes that an increment of 0.5% of SUC rate on shared spectrum is a strong deterrent for TSPs to enter into spectrum sharing arrangements and strongly goes against efficient utilization of spectrum. Both the TSPs are paying SUC for the spectrum already allotted to them. The main tenet of TSPs getting into spectrum sharing arrangement is that it leads to efficient utilization of spectrum and helps to serve more customers per MHz of the same spectrum. This leads to increase in revenue for the operators and in turn, more revenue for the ex-chequer in form of license fees and SUC as greater amount continues to be collected as a % of higher AGR than before. Collecting additional 0.5% SUC on shared spectrum is a double whammy for TSPs who are paying a higher SUC than in non-spectrum sharing scenario and is a punitive measure for operators wanting to utilize a resource more efficiently and effectively.
2. There may also be scenarios where even after spectrum sharing in an area/circle, the revenue does not increase. An increment in SUC rate upon sharing of spectrum would essentially result in additionally burdening the TSP with higher SUC rate.
3. If SUC rate is left unchanged post sharing of spectrum, the TSPs would be more encouraged to use spectrum sharing to improve their networks in areas having congestion and to also fix coverage issues. Therefore, it may be prudent to review the treatment of SUC post sharing of spectrum.
4. In any case, we respectfully submit that since inception BIF has made several representations for scrapping of SUC charges. Infact, scrapping of the current system of AGR based levies - license fee (LF) and SUC as a percentage of AGR is fundamental for the growth of the sector. This system was appropriate when license was packaged with spectrum. But, this principle should have been scrapped in 2012 itself,

when license and spectrum were separated, as a fall-out of the National Telecom Policy (NTP) 2012 and the spectrum only allocated through e-auctions. It is universally accepted that, without spectrum, license is a mere piece of paper, not worth anything practically. With spectrum bought in an open and transparent manner, license fee could be an annual fixed fee that just covers the cost of administration and regulation.

5. The cost of administration and regulation of spectrum is transparently available on DoT website. The annual budget of WPC Wing and Wireless Monitoring Organization (FY20 including the cost of machinery and equipment, buildings, etc.) is Rs 78.5 crore. If we add the pension expenditure, the figure comes to about Rs 200 crore. This is just 0.1% of the revenue. The license fee could be an annual fixed fee of say 1% that just covers this cost of administration and regulation.
6. The abovementioned cost also includes the cost to the wireless planning and coordination department, and that of regulating spectrum. Hence, the current levy of spectrum usage charges as a percentage of AGR also needs to be scrapped.
7. The review of the SUC and other AGR based levies would be in line with NDCP 2018. We would like to point out that Clause 1.2 b iii) of NDCP 2018 states, *“Further liberalizing the spectrum sharing, leasing and trading regime”* and Clause 2.1 (b) i. states, *“Reviewing of levies and fees including LF, SUC and the definition of AGR and rationalisation of Universal Service levy.”*
8. In the light of the above, BIF reiterates its position that scrapping of SUC is the need of the hour.

Q3. What other changes are required in the Spectrum-Sharing Guidelines to facilitate spectrum sharing? Please provide detailed explanation and justification for your suggestions.

BIF RESPONSE

The spectrum sharing guidelines to facilitate spectrum sharing should be reviewed in view of the following:

1. Scrapping of SUC
2. New Generation Technologies viz. 5G and other new technologies.

Q4. If there are any other issues/suggestions relevant to the subject, stakeholders may submit the same with proper explanation and justification.

BIF RESPONSE

1. BIF has time and again highlighted the importance of scrapping of the current system of AGR based levies - license fee (LF) and SUC as a percentage of AGR for the growth of the sector. This system was appropriate when license was packaged with spectrum. But, this principle should have been scrapped in 2012 itself, when license and spectrum were separated, as a fall-out of the National Telecom Policy (NTP) 2012 and the spectrum only allocated through e-auctions. It is universally accepted that, without spectrum, license is a mere piece of paper, not worth anything practically. With spectrum bought in an open and transparent manner, license fee could be an annual fixed fee that just covers the cost of administration and regulation.
2. The cost of administration and regulation of spectrum is transparently available on DoT website. The annual budget of WPC Wing and Wireless Monitoring Organization (FY20 including the cost of machinery and equipment, buildings, etc.) is Rs 78.5 crore. If we add the pension expenditure, the figure comes to about Rs 200 crore. This is just 0.1% of the revenue. The license fee could be an annual fixed fee of say 1% that just covers this cost of administration and regulation.
3. The above mentioned cost also includes the cost to the wireless planning and coordination department, and that of regulating spectrum. Hence, the current levy of spectrum usage charges as a percentage of AGR also needs to be scrapped.
4. When it comes to critical applications than there will be a need of 5G based satellites to augment the 5G based terrestrial networks. The 5G satellites at LEO level will be equipped with better Latency to cater to the need of Biomedical , Automotive , IOT , optimized industrialization etc as well as to provide direct connectivity to end users .