Regulation session

Vodafone Open Office
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Licensing, regulatory and adjudicatory framework

Supreme Court

Telecom Disputes Settlement Appeal Tribunal (TDSAT)
Broad jurisdiction over disputes between licensor and licensee, appeals against TRAI decisions, and disputes between operators

POLICY
- Cabinet
- Group of Ministers (GOM)
- Minister
- Telecom Commission

Department of Telecommunications
Licensor: may disagree with TRAI recommendations, but only after it has re-referred for reconsideration

REGULATORY

TRAI
Regulator: exclusive powers on interconnection and tariffs
Recommendatory powers on other issues e.g. spectrum
Major developments in Indian regulatory since Hutch acquisition

- Removal of access deficit surcharge on fixed line interconnect
- Passive infrastructure sharing
- Active infrastructure sharing
- Intra-circle roaming
- 3G auction releasing more spectrum
- Change of business correspondent rules for M-Pesa
- Reversal of increase of microwave usage charges
- Stay on increase of spectrum usage charges
- Stay on termination rate reduction
- Stay of increased penalties for subscriber verification
# NTP-2011: a welcome opportunity to “clear the decks”

| Current status                          | Draft policy published for stakeholder comments  
|                                        | Intensive inputs/representations from concerned parties  
|                                        | Inputs sought by early December, policy announcement likely January 2012  
| Positives                              | Delinking of spectrum & licenses  
|                                        | Commitment on more spectrum through market-based process  
|                                        | Permitting spectrum pooling, sharing & trading  
|                                        | Exit policy for licensees  
|                                        | Recognition of telecom as an infrastructure sector  
|                                        | Sharing of costs by Government for security requirements  
| Uncertainties                          | One Nation – one license and free national roaming  
|                                        | All India Mobile Number Portability  
| Out of scope of NTP-2011               | Spectrum allocation and pricing, M&A rules and principles for license extension – separate processes expected to conclude early 2012  

2009, TRAI reduces MTR from INR0.3 (US$0.006) to INR0.2 (US$0.004) by artificially excluding capital costs.

In 2010 TDSAT upheld Vodafone appeal that capital costs must be included in cost-based MTR.

TRAI challenged judgment in Supreme Court, primarily on issue of jurisdiction.

At interim stage, Supreme Court asked TRAI to provide MTR computation not only without, but also with capital costs.

TRAI files report in Supreme Court, seeking permission to notify MTR at INR0.1 (excluding capital costs and artificially off-setting revenues from other services).

Interim hearing in Supreme Court on 28 November 2011.
TRAI sought permission to notify new rates pending appeal. Vodafone successfully opposed. Further hearings to be held in March 2012.
3G intra circle roaming

3G intra circle roaming clearly permissible

1. License permits “all types of access services”, including broadband
2. License amended to allow ICR in June 2008
3. Government specifically asked on record in formal Q&A in leadup to 3G auction

Q: “Will customers of UASL licenses who do not hold 3G spectrum be allowed to roam on the 3G networks of other UASLs in the same licensed area?”

A: “The roaming policy is applicable to the licenses and not to specific spectrum bands. Hence roaming will be permitted.”

• ICR leads to increased retail competition & increased incentives to cover marginal rural areas:
  – no policy basis to oppose it

Next government decision likely to be known shortly
In case of adverse decision, will be challenged before TDSAT
| License provides for spectrum charges on revenue share basis - no one time fee payable under license | Bilateral settlement between Government & operators in 2002 for agreement for up to 10 MHz @ 4% of Adjusted Gross Revenues |
| In 2002 Government considered whether to charge additional allocation fee or collect a higher revenue share – chose the latter | Ministry & Licensor are on record affirming legality & charging basis for existing allocations |
| TRAI itself took the view on 2007 that charging for existing allocations (beyond 6.2 MHz) may not be legally feasible | Vodafone migrated to UAS licenses in 2008 – as per guidelines migration was with allocated spectrum & no additional entry fee payable |

No provision under license for one-off fees. We pay for our spectrum @ $35m/quarter

**Next government decision likely to be known from January 2012**
Any attempt to charge a fee on existing allocations legally unsustainable & will be challenged via TDSAT and Supreme Court
Q & A