



# United Access Service Licence (UASL)

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# Existing operators

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- As on January 31, there were two basic licensees, 60 cellular and 97 UAS licensees, taking the total number to 159.
- Idea Cellular has operations in 13 telecom circles, Vodafone Essar in 16 circles and Aircel Cellular offers in 9 telecom circles, even as all three operators are awaiting GSM spectrum to extend their operations to the all 23 telecom circles in the Country
- **GSM players: 3 pan India : Airtel, Vodafone, BSNL/ MTNL, Others: Spice, Reliance; Aircel—Chennai & TN, Dishnet wireless North East. Idea**
- **CDMA players: 2 pan India: Reliance, Tata, Others: Shyam (Rajasthan), HFCL (Punjab), BSNL/MTN L**
- **Existing licensees that have not started services**
  - Idea Cellular and Aircel Dishnet Wireless and Essar Spacetel
  - onus on the operators to start an alternate service if they have taken a license.
  - Roll-out obligations are 10 per cent of the circle has to be covered within a year.



# EXISTING OPERATORS INVESTMENT PLANS

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- All India investments during 2005-06 is Rs. 36,685 Crores
- Expected 2006-07 Rs. 47,561 Crores
- 2007-08 Rs. 64,530 Crores
- 2008-09 Rs. 61,660 Crores
- Towers existing 1,20,000 and expected addition 2,00,000 within next two years.



# UASL LICENSE APPLICATION

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- FDI 49%/74 %
- Application fees Rs 15,000 each
- Paid up capital of applicant company as prescribed
- Net worth 30/50/100 Crores for C/B/A Circles. Means paid up capital+ free reserves of applicant and promoters with at least 10% equity, foreign exchange of foreign promoter company to be converted as on application date.
- Entry fees as prescribed on signing
- PBG Performance Bank Guarantee on signing 2/10/20 Crores for C/B/A circles
- FBG Financial Bank Guarantee on signing 5/25/50 Crores for C/B/A circles
- Revenue sharing fees 6/8/10% for C/B/A circles



## UASL Network etc.

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- The requirement of entry fees and paid up capital of applicant company is as given below:

Circle	Category	Entry Fees	Paid up Capital
■ West Bengal	B	1.0000	5
■ Andhra Pradesh	A	103.0100	10
■ Assam	C	5.0000	3
■ Bihar	C	10.0000	3
■ Gujarat	A	109.0100	10
■ Haryana	B	21.4600	5



## UASL Net worth ...contd

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■ Himachal Pradesh	C	1.1000	3
■ Jammu & Kashmir	C	2.0000	3
■ Karnataka	A	206.8300	10
■ Kerala	B	40.5400	5
■ Madhya Pradesh	B	17.4501	5
■ Maharashtra	A	189.0000	10
■ North East	C	2.0000	3
■ Orissa	C	5.0000	3
■ Punjab	B	151.7500	5
■ Rajasthan	B	32.2500	5



# UASL Net worth....contd.

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■ Tamilnadu	A	233.0000	10
■ Uttar Pradesh (West)	B	30.5500	5
■ Uttar Pradesh (East)	B	45.2500	5
■ Delhi	A	170.7000	10
■ Kolkata	A	78.0100	10
■ Mumbai	A	203.6600	10



# Technology

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- UASL Guidelines dated 11.11.2003 provides United Access Service providers are free to use any technology without any restriction
- License has no restriction. Limitation operates via spectrum allocation guidelines
- Initial technology based spectrum allocated after UASL licensee pays entry fees on the basis of service area:
  - 2 x 4.4 MHZ for TDMA/ GSM @ 200/30 Khz/carrier
  - 2 x 2.5 MHZ for CDMA @ 1.25 MHZ/carrier
- Two separate growth paths for additional spectrum based on technology and No. of subscribers
  - GSM 2x6.2 MHZ on 0.4/0.3/0.2 Mill Subs in A/B/C Circles
  - 2x8 MHZ on 0.8/0.6/0.4
  - 2x10 MHZ on 1.4/1/0.6
  - 2x12.4MHZ on 2/1.6/0.9
  - 2x15 MHZ on 2.6/2.1/1.2





# Technology.....contd.

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- CDMA 2x 3.75 MHz on 0.4/03/015 Mill Subs in A/B/C Circles
  - 2 x 5 MHz on 1.2/1/0.5
  - 2 x 6.25 MHz on 2/1.6/0.9
  - 2 x 7.5 MHz on 2.6/2.1/1.2
- Clause 23.1 of UASL reads as under:
  - The licensee shall provide details of technology proposed to be deployed.
  - The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/bodies/Industry.
  - Any digital technology having been used for customer base of one lakh or more for continuous at least one year shall be permissible for use regardless of its changed versions.
  - A certificate from manufacturers about satisfactory working shall be treated as established technology.



# Technology.....contd

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- Maximum spectrum specified in UASL as under:

CDMA system    5 + 5            MHZ

GSM system    6.2 + 6.2        MHZ



# UASL Roll Out Obligations

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- Metros 90% service areas to be covered within one year
- Circles 10% Distt.HQ within 1 year  
50 % Distt.HQ within 3 year

Coverage means 90% municipal limits and in buildings

- No rural areas obligations



# PBG Performance Bank Guarantee

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- UASL licensee submit PBG for 20/10/2 Crores for A/B/C circles before signing of license.
- After one year and stipulated coverage, the PBG is reduced to 10/5/1 Crores.
- PBG released on completion of roll out obligations
- LD @ Rs 5 lac per week for first 13 weeks,  
@Rs 10 lac / week for next 13 weeks  
@Rs 20 lac / week for next 26 weeks  
subject to maximum Rs 7.00 Crores  
Delay more than 52 weeks....license cancellation



# UASL FDI

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- 4<sup>th</sup> May 2007 amendment provides 74% FDI subject to:
  - FDI upto 49% on automatic route
  - FDI 74% approval by FIPB, who shall take note that investment is not coming from countries of concern and/or unfriendly entities.
  - Compliance to be filed 1<sup>st</sup> Jan and 1<sup>st</sup> July every year
- Chief Technical Network operator and Chief Security Officer to be resident Indian citizen
- Clearance from DOT if network diagram to be provided to other than equipment manufacturers/parents-affiliate of licensee
- Domestic traffic as may be specified by Govt. not to be hauled/routed to outside India
- Officer dealing with lawful interception to be Indian resident citizen
- Majority Board of Directors to be Indian



# UASL ..... FDI Contd

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- Chairman/MD/CEO/CFO if foreign national clearance from MHA on yearly basis
- Accounting information of subscriber/users information not to be transferred outside India
- Traceable identity of subscribers to be provided
- Geographical location (BTS) of subscriber to be given, if required
- REMOTE ACCESS to network allowed to approved locations abroad. Remote access facility not allowed for content monitoring. Mirror image of remote access information to be available for monitoring. Full audit trail of remote access to be maintained for 6 months.



# Telecom Projected Investments

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- 650 Mill. subscribers by 2012.  
Broadband 9 Mill. By 2007 and 20 Mill. by 2010.
- 2,67,100 crores investment, out of which private sector 1,77,685 crores and PSU 89,315 crores.



# WHY MAD RUSH FOR UASL ?

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- Fastest growing market in the world
- 18\$Bill. Valuation by Vodafone for Hutch.
- Indian operators highest profitable in world.
- Media misinformation that license comes bundled with spectrum and that only licensee can participate in 3 G auction when it happens.





# APPLICATIONS RECD.

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- 46 companies 576 applications



# UASL Investments

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- \$ 1 Bill. For countrywide network of 2 G network.
- Internet Protocol (IP) network or advanced technology like EDGE, WCDMA, EVDO, HSDP, TDSCDMA etc. higher.
- Minimum 2-3 years implementation time.



# Hogwash... Roll out obligations

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- 1997 Fixed line had rural obligations by 2,000 requiring investment of Rs 5,000 crores. By 2003 hardly 12 % achieved. Removed obligations around 2,000 year.
- NLD operators roll out also rolled back.
- Maximum penalty Rs. 1.00 crores for GSM and 7 crores for CDMA. Termination provided beyond delay of 20-52 weeks. So far no action.



# Spectrum

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- Total available presently in 900 MHz is 25 MHz in Delhi/Mumbai allotted to
- DELHI **looks to be wrong**

Airtel & Vodafone	8 MHz/or 10 each
MTNL	6.2 MHz
Railways	1.6 MHz
Defence	1.2 MHz
Idea	8 MHz
Aircell	waiting since Dec.06 4.4 MHz eligible

## MUMBAI

BPL/Vodafone	8/or 10 each
Airtel	9.2 MHz
MTNL	6.2
Railways	1.6
Defence	1.2
Aircell/Idea	waiting since Dec.06 4.4 each



# Spectrum Release by Defence

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- Defence as per MOU agreed to release
- 5 MHz in Delhi/Mumbai for 2G
- 10 MHz for 2 G and 10 MHz for 3G by January, 2008. In Delhi/Mumbai 20 MHz of 3 G spectrum.
- In third phase 10 MHz of 2G and 10-15 MHz of 3 G (except North East) by April, 2008.
- BSNL would provide Rs. 1,040.16 crores secure optical fiber network connecting 162 locations. Phase I-54 sites by September, 2007; Phase II 39 sites by December, 2007; Phase III- 69 sites by March, 2008. DOT would also build similar network for Navy/army by March, 2009.



# Alternative Choices

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- Fixed line, ISP, VOIP, IPTV, Cable Tv telecom, operations in delicensed bands, wimax in 5.8 GHZ
- MVNO (Mobile Virtual Network Operator) Not so far common in India. The established brand in any business hires spectrum from operators. Eg. Disney Mobile, Virgin Mobile, Tesco Mobile.
- Acquisition of regional Indian players
- 3 G network, which is likely to be auctioned.



# ISP Route

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- VOIP IPTV allowed to ISPs. Licensed ISPs customers made 112.26 Mill. Minutes of VOIP during quarter June, 2007 as per TRAI. Foreign players extra. Expected market \$ 268 Mill. by 2011.
- All leading UASL operators provide Internet services such as BSNL/MTNL, Bharti, Vodaone, Idea, Reliance, Tata etc.
- 389 ISp licensees; operational 135---40/54/41 belonging to A/B/c category; top 20 ISP account for 98% of operations. Top 7 cater 90% market share. All top players have both licences
- Foreign operators without Indian license also operating like Skype, Yahoo, MSN, Mediaring, Dialpad, Amazon, Net2phone, Packet 8, Go2call, Lingo, Impetus, Vonage; voice chat through Goggle/MSN/Yahoo,



# NLD/ILD BUSINESS

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- The business generated by the long distance segment in India is estimated to be worth over Rs 10,000 crore.
- The long-distance sector in India was opened up for competition in December 2005, when the Government slashed the entry fees, revenue share and waived the roll-out obligations. Since then, DoT has received more than 25 applications for NLD and ILD licences and cleared several of them.
- AT&T was the first MNC to receive NLD/ILD licences. Mahindra group is local partner.
- British telecom firm BT in partnership with Jubilant Group, had started one of its nodes in Chennai to operate VPN/MPLS services.
- British telecom player Cable & Wireless (C&W) has already obtained approval to launch NLD/ILD services in India. The company acquired 74 per cent stake in Cable & Wireless Networks India, an entity incorporated in January. The remaining 26 per cent will be picked up by an Indian partner.
- Verizon Wireless also proposes to offer NLD/ILD in partnership Videocon Group. They propose to offer virtual private networks/managed private line services (VPN/MPLS).