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TRANSMISSION MONTHLY

1. DOT LAUNCHES RADIATION HELPLINE

In order to address the growing radiated related concerns, the Department of Telecommunications has launched a new helpline, where consumers can lodge a complaint to check the Electro Magnetic Field (EMF) radiation from mobile towers. Consumers are provided with a helpline number +9199695 55000 to file the complaint and an online facility at DoT's website. While the effort has been made in the right direction, the complainant will have to bear the inspection fee of INR 4000 (\$77.34), if the site is found to be compliant with the desired norms. While no one expects TCIL to do the testing for free, this is considered to be a big cost for a complainant and might deter the normal consumer to lodge a complaint. Telecommunications Consultants India Ltd. (TCIL) has been assigned with the work of testing, who will deploy five teams for the purpose. The government will publish the test results on DoT's website. As of now, the facility is available only for Mumbai city. "The facility is only available for Mumbai at present. You need to pay the fee through a cheque in favour of TCIL. It will take maximum of 10 days to get the inspection done," informs the executive at the helpline center.

2. HUAWEI, ZTE THREATS TO US SECURITY: REPORT

In a blow to Huawei and ZTE, a US government committee has warned that operators should not procure equipment from the Chinese vendors due to potential security risks. The US House Intelligence Committee yesterday published its long-awaited report into the security implications of using Chinese telecom equipment in US network infrastructure. The report sites "allegations" of suspicious behavior by US companies using equipment from Huawei and ZTE, but doesn't include any concrete evidence in the published version. While the report includes only recommendations that operators and public agencies avoid the vendors, it is likely to add to the difficulties Huawei and ZTE are already facing in winning business in the US market.

3. HTC Q3 PROFIT SLUMPS 79%

HTC has reported a 79% slump in Q3 profit to TW\$3.9 billion (\$133.2 million) – its lowest quarterly profit since 2006 – due to stiff competition from Samsung and other smartphone vendors.

4. INDIA GOVT AGENCIES MUST BUY LOCAL TELECOM GEAR

The Indian government has ordered all government departments and agencies to ensure that at least half the telecom equipment they procure is manufactured in India. Sources say similar rules could still be extended to the nation's operators.

5. NOKIA HEAD OF SMARTPHONE MARKETING STEPS DOWN

Nokia's chief of smartphone marketing has stepped down after 15 years at the company, one month after the company provoked controversy over misleading advertising material for the new camera technology in its latest Lumia models.

6. GLOBAL MOBILE USERS REACH 6B: ITU

The world's mobile subscriber base reached 6 billion by the end of 2011, meaning roughly 86 of every 100 people now have a mobile phone, according to new figures released by the ITU.

The data from the ITU's annual report "Measuring the Information Society 2012" shows that with continuous double-digit gains, developing countries now account for the lion's share of market growth. Both China and India each account for one billion subscriptions.

The report also ranks South Korea as the world's most advanced ICT economy, followed by Sweden, Denmark, Iceland and Finland. Of the 10 top-ranked countries, eight are from Europe, and two from Asia-Pacific. Japan, ranked 8th, is the other Asia-Pacific country managed to secure a place in the top ten list.

Mobile broadband continues to be the most promising and fastest growing ICT service, with growth continued at 40% globally and 78% in developing countries over the past year.

There are now twice as many mobile broadband subscriptions as fixed-broadband subscriptions worldwide. In developing countries, mobile broadband services are more widely accessible and, in the case of low-volume packages, less costly than fixed-broadband internet services, the report says.

Meanwhile, the price of ICT services dropped by 30% globally between 2008 and 2011. The biggest decrease was in fixed-broadband services, where average prices have come down by 75%, according to the report's ICT price basket.

While prices in developed economies have stabilized, those in developing countries continue to fall at double-digit rates, the ITU notes.

7. CISCO APPOINTS INDIA SERVICES HEAD

Cisco has appointed Anil Bhasin to lead its services division in India and South Asian Association for Regional Cooperation (SAARC) region.

Bhasin replaces SrivalsanPonnachath, who led Cisco Services in India. Based in Mumbai, Bhasin will report to Glen Cox, VP of Cisco Services, Asia Pacific, Japan and China.

Bhasin will be responsible for driving smart services adoption and helping customers and partners plan, build, and manage Cisco technologies and solutions. He joined Cisco in

2001 as the head of banking and finance and commercial business for the Western region.

Prior to joining Cisco, Bhasin worked at Getronics (formerly known as Wang Global) as national sales manager, Dubai and M/s Computer World in Bahrain.

8. OTT MESSAGING TO COST TELCOS \$54B BY '16

Ovum has put a dollar figure on the estimated threat to messaging revenue posed by OTT social messaging service providers.

The research firm expects operators to have lost \$23 billion in missed SMS revenues by 2012 as a result of competition from OTT players, and for losses to grow to a whopping \$54 billion by 2016.

Ovum has called on operators to pursue collaborations with handset manufacturers if they wish to remain relevant in the messaging industry.

APAC and European operators will be the most affected by smartphone social messaging services, Ovum warned, and must not ignore OTT messaging activity.

“Social messaging is becoming more pervasive, and operators are coming under increased pressure to drive revenues from the messaging component of their communications businesses,” Ovum consumer telecoms analyst NehaDharia said.

“Operators need to understand the impact of social messaging apps on consumer behaviour, both in terms of changing communication patterns and the impact on SMS revenues, and offer services to suit.”

Social messaging app WhatsApp has been gaining traction in markets including Singapore and the Netherlands, and smaller players such as textPlus and Pintrest also have the potential to disrupt the messaging business model, Ovum warned.

“OTT players are changing consumers' messaging preferences, and the pressure they are exerting on

operators' messaging services is forcing them to offer increased SMS bundles and to experiment with messaging pricing models, further dampening revenue growth,” Dharia said.

9. MICROMAX LEADS INDIA'S TABLET MARKET WITH 18.4% MARKET SHARE

According to recent data from CyberMedia Research, Indian consumers bought over 5 lakh tablets during the April – June quarter, a 673% increase since last year. The overall tablet market has seen a quarterly growth of over 50%, primarily due to an increase in the number of new vendors and launch of low-cost devices by existing firms.

According to CyberMedia's Tablet Market Review for 2Q 2012, Micromax leads India's tablet market with an 18.4% market share, followed by Samsung, which has a 13.3% share. Apple, had a 12.3% market share during the quarter. The report found that, the

tablet market in India has become increasingly competitive due to entry of new vendors with entry level offerings. Around 90 vendors are expected to have launched tablets till the end of second quarter.

10.UK, HUAWEI, SAMSUNG TO INVEST IN 5G R&D SITE

The UK government and a consortium of companies including Huawei, Samsung and Telefonica will invest in a "5G innovation centre" at the University of Surrey.

11.GOOGLE, SAMSUNG SAID TO PLAN 10" NEXUS TAB

Rumors are circulating that Google plans to work with Samsung on a 10-inch Nexus tablet, which will have a higher pixel density than even the new iPad.

12.US REPORT MAY CREATE TROUBLE FOR CHINESE VENDORS IN INDIA

The Indian operations of Huawei Technologies Co. Ltd. and ZTE Corp. might be adversely impacted as a result of the US Congress report which recommends the US government and private companies to avoid using their equipment.

India has in the past raised concerns related to the equipment of the Chinese companies. This had led to ban of their equipment for some time. "There might be a negative impact on the Indian operations as a result of this [US Congress report]. It is very much in keeping with the concerns of the Indian government," says Deepak Kumar, Independent Telecom Analyst and Consultant.

What goes in the favor of the Chinese equipment manufacturers is that their equipment costs much lower than the European vendors' like Ericsson AB, Nokia Siemens Networks and Alcatel Lucent. This is a big advantage in the price sensitive market like India. However, European vendors are fast catching up and are aggressively competing on price in the country. Secondly, Chinese companies also offer the advantage of giving cheap loans to purchase their equipment. European vendors have not been able to match this.

Experts believe that there is a way out for the Chinese companies by going in for alliances similar to Alcatel-Lucent's arrangement with ITI Ltd. "These kinds of arrangements will go a long way in mitigating the security concerns of the government. It helps that ITI is a government-owned enterprise. This is also in keeping with the government's initiative to scale up domestic manufacturing," adds Deepak.

Huawei recently procured BhartiAirtel Ltd.'s LTE contract for setting up network in the Karnataka circle (service area). The company will also help Bharti to upgrade from 40G to 100G according to reliable sources. The security issue is unlikely to be resolved anytime soon much to the advantage of the European vendors. It remains to be seen whether they would be able to capitalize on this.

13.TDSAT ASKS GOVT TO RETURN LOOP'S GUARANTEE

The telecom tribunal TDSAT has asked the government to return half of the Financial Bank Guarantee (FBG) submitted by Loop Telecom at the time of spectrum allotment in 2008. The operator had deposited INR 5.5 billion (US\$0.1 billion) in January 2008 for spectrum in 21 circles.

14.GOVT TO REFUND LICENCE FEE OF TELCOS

The Empowered Group of Ministers (EGoM) has decided to refund the licence fee of telecom operators which were quashed by the Supreme Court. The telcos will receive the refund only if there are no criminal charges against them.

15.GOOGLE LAUNCHES FREE SMS SERVICE FOR GMAIL USERS IN INDIA

Google Inc. is rolling out its 'free sms' service for its free email service Gmail and paid email service Google Apps customers in India. This feature enables users to send SMSes to friends phones from chat windows and is now available for India and 51 other countries in Asia, Africa and North America. Users have to add mobile numbers of their contacts in the email address book and they are set.

16.NOW A UK SECURITY PANEL IS PROBING HUAWEI

In the wake of the US security report into Chinese vendors, the chairman of British parliament's intelligence and security committee has revealed that it is investigating Huawei's relationship with BT, and whether the fact that critical UK internet infrastructure is supplied by the vendor is cause for concern.

17.SAMSUNG GETS STAY ON US BAN ON GALAXY NEXUS

Samsung has convinced a US appeals court to delay a sales ban of the Galaxy Nexus awarded by a lower court, while it appeals the verdict in favor of Apple during the archrivals' recent patent litigation.

18.APPLE WINS STAY ON SK BAN OF IPHONE, IPAD

Apple has meanwhile won a delay on the imposition of a sales ban on iPhones and iPads in South Korea, at least until after the company's appeal is heard over Samsung's victory in a South Korean court in August.

19.SECOND CONSECUTIVE MONTH – DECLINE IN GSM AND CDMA MOBILE SUBSCRIBER BASE.

Amidst the developments in the telecom sector, what will surprise you is the fall in mobile subscriber base. India's mobile subscriber base (GSM and CDMA) decreased from 913.49 million in July 2012 to 908.36 million at the end of August 2012, registering a monthly negative growth of -0.56%.

This is the second consecutive month where as decline registered in GSM and CDMA mobile user base of country and it is due to large scale disconnections of non-active subscribers by many operators.

According to TRAI, the biggest loss in user base came from Uninor and followed by all GSM Biggies – BhartiAirtel, Idea Cellular and Vodafone India.

Uninor lost over 23,83,031 subscribers, BhartiAirtel lost 19,02,683 Idea Cellular and Vodafone India each lost 16,46,735 and 15,59,538 subscribers in August 2012.

Tata Docomo (GSM and CDMA) added over 8,16,974 new customers, While Reliance Communications (Rcom) and Reliance Telecom (GSM and CDMA) has added over 7,93,717 users. National telecom back bone Bharat Sanchar Nigam Ltd (BSNL) added 4,91,462 GSM subscribers in August 2012.

Active Mobile Subscribers :Out of the total 908.36 million mobile subscribers, only 701.87 million were active on the date of Peak VLR for the month of August 2012. The proportion of VLR subscribers is approximately 77.27% of the total wireless subscriber base reported by the service providers.

20. ONE-TIME SPECTRUM FEE LEVIED TO ENSURE LEVEL PLAYING FIELD: EGoM

The Empowered Group of Ministers' decision to collect Rs 27,000 crore of one-time spectrum fee from existing telecom operators was aimed at ensuring a level- playing field between old and new firms, sources said. Sources privy to the EGoM decision said the ministerial panel went with the option of levying one-time charge on operators which hold spectrum of more than 4.4 MHz as it was "most viable, tenable and sustainable compromise" for ensuring a level-playing field between old and new operators. In choosing the 4.4 MHz-plus option, the panel, whose recommendation will now go to the Cabinet for final approval, ignored the Attorney General's view of levying the charge only on operators with spectrum of more than 6.2 MHz.

21. TELENOR, UNITECH SETTLE DISPUTE OVER JOINT VENTURE

Norway's Telenor and India's second-largest real estate firm, Unitech Ltd, have amicably settled their bitter 18-month feud and agreed to transfer the assets and 45 million customers of their mobile phone joint venture to a new company that will be owned by the Norwegian telco.

Telenor plans to bid in the upcoming 2G auctions through this new company, but will take a final decision on whether to participate at a later date, said a company statement on Wednesday. It will be allowed to bid on its own in the upcoming auctions but will have to subsequently enter into a partnership with a local company as Indian rules do not allow a foreign firm to hold more than 74% stake in the telecom sector. Unitech has agreed to dispose of its 33% shareholding in the joint venture company, Uninor, to Telenor for a nominal amount. The income-tax department had recently seized all of Unitech's shares in the joint venture as it had allegedly failed to pay tax of around Rs 700 crore. An executive aware of the development said the shares would be sold only after the tax case with the income-tax department is resolved.

22. TELECOM TOWER BUSINESS GETS INFRASTRUCTURE STATUS, INVESTMENTS MAY SOAR

The government has granted infrastructure status to the telecom tower provider industry, a move that is likely to ensure multiple benefits to the sector as well as boost investments.

Announcing the decision, telecom minister Kapil Sibal said the infrastructure status will make tower providers eligible for viability gap funding, higher limit on external commercial borrowing, lower import duties and exemptions on excise duty on telecom infrastructure equipment.

Companies like Bharti Infratel, Indus Towers and Reliance Infratel will get accelerated depreciation, which will encourage more investments in the sector, he said. Tower providers will also get softer lending rates at 3-4% on loan terms of 10-15 years compared to the market borrowing rates of 12-13% over 5-7 years. Companies will be given a tax holiday under section 80-IA of the Income Tax Act, the minister said, adding that the industry body will have to talk to the Reserve Bank of India to ensure the benefits.

23. BHARTI AIRTEL LOSES NEARLY 1 MN MOBILE CUSTOMERS IN SEPTEMBER: COAI.

Country's leading telecom carrier Bharti Airtel lost almost 1 million mobile customers in September, data released by an industry body showed, as carriers in the world's second-biggest wireless services market continue to disconnect inactive users in a clean-up drive.

Bharti's mobile customer base declined 0.98 million to 185.9 million as of September, the Cellular Operators Association of India (COAI) said on Friday. Second-ranked Vodafone India's mobile customers declined 0.69 million to 52.7 million during the month, while fourth-ranked Idea Cellular lost 0.51 million mobile customers to 115.5 million, the industry body said.

24. AIRCEL PRUNING OPERATIONS IN AT LEAST 5 CIRCLES TO CUT COSTS

Telecom operator Aircel is believed to be cutting down operations in at least five circles, starting with Madhya Pradesh, to cut cost of service following severe margin pressures and a maturing voice market. According to sources, Aircel has told distributors in the MP circle that it plans to restructure its entire business model and it may not require their services anymore. A similar kind of drive is expected in Gujarat and Haryana next followed by Rajasthan and Punjab later. The company is also believed to have given transfer orders to various of its staff personnel in the state. When asked to comment, an Aircel spokesperson said, "Aircel is revamping its business model innovatively to lower 'cost to serve' without compromising on customer service or network experience."

25.TDSAT REJECTS TELECOM DEPARTMENT'S PLAN TO TAX INTERNET, BROADBAND SERVICES AT 8 PER CENT

The telecom disputes tribunal on Friday dismissed the government's plans to charge internet service providers or ISPs a fee of 8% of their annual revenue from April, 2013. The tribunal upheld an Internet Services Providers Association of India (Ispai) petition challenging the government's bid to tax internet and broadband services. Last July, the industry body representing ISPs had appealed to the Telecom Disputes Settlement & Appellate Tribunal (TDSAT) for quashing the government's move, claiming it would force a change in the licence agreement without mutual consent.

26.MS TO ADD GOOGLE TO GERMAN MOTOROLA SUIT

Microsoft plans to add Google as a defendant to a patent lawsuit against subsidiary Motorola Mobility in Germany, marking the first time MS has sued Google directly over the Android OS.

27.ZTE EXPECTS \$320M Q3 LOSS

ZTE has warned it expects to report a Q3 loss of up to 2 billion yuan (\$319.1 million) – from a 299 million yuan profit a year earlier – due to weak demand for telecom equipment both domestically and overseas.

28.MINI IPAD DUE LATE OCTOBER

Apple is tipped to launch a slimmed down version of its iPad shortly. The October 23 date mooted is just two days before rival Microsoft unveils its flagship Windows 8 software.

29.RELIANCE COMMUNICATIONS PARTNERS WITH WHATSAPP TO LAUNCH 'WHATSAPP PLAN'

Reliance Communications has entered into an exclusive partnership with WhatsApp in India to launch a first of its kind prepaid plan 'WhatsApp Plan' for all Reliance GSM subscribers and 'My College Plan' for students across the country. With this, Reliance GSM customers will now be able to enjoy unlimited usage of WhatsApp and Facebook across the country at a nominal fee of Rs. 16 per month only without paying any extra data consumption charges.

The "WhatsApp Plan" offers unlimited access of WhatsApp to all prepaid Reliance GSM customers in the country for just Rs. 16 per month without paying any extra data consumption charges. Facebook is bundled complimentary in this pack for a limited period and hence a customer use of WhatsApp and Facebook is absolutely free on the Reliance network. "WhatsApp Plan" is available with a validity period of 30 Days from the date of recharge and the plan is auto-renewed every 30 days unless unsubscribed.

30.ALCATEL-LUCENT TO SLASH 5,490 JOBS

Alcatel-Lucent has revealed plans to cut 5,490 jobs worldwide as part of a cost-cutting drive.

The job cuts have been anticipated since July, when the company announced a plan to reduce its headcount by around 5,000 and find €1.25 billion in cost savings.

Over the objections of French union officials, Alcatel-Lucent plans to cut the lion's share of 1,430 jobs in its home market, *Reuters* reported. Unions have called on workers to down tools today in protest.

Nearly 1,000 jobs are slated to go across APAC, but this is fewer than the 1,200 job cuts in the Americas and 3,300 from across the EMEA region. Alcatel-Lucent currently has around 76,000 employees worldwide.

The cutbacks will mainly affect support functions such as sales and HR - none of the cuts will affect Alcatel-Lucent's 26,000 R&D employees.

31.TATA COMM NAMES GROWTH VENTURES CEO

Tata Communications has appointed RanguSalgame to lead growth ventures. He will join Tata Communications' global management council and will lead the company's global high growth businesses with an initial portfolio that includes data centre, cloud, cyber security, media and entertainment. Prior to join Tata Communications, Salgame had earlier worked with Cisco Systems, Verizon Communications and PwC.

32.SAMSUNG TRIUMPHS IN APPLE TAB BATTLE

A UK court looks to have closed out the possibility of further Apple IP lawsuits against Samsung in Europe. The Court of Appeal upheld a previous ruling that Samsung's Galaxy Tab doesn't infringe Apple patents – a decision that applies throughout the region

33.BHARTIAIRTEL LAUNCHES 4G IN THIRD CITY

India's BhartiAirtel has launched 4G services in Pune, initially for post-paid customers. This is the third city in which BhartiAirtel has gone live with 4G, following Kolkata and Bangalore. The services, however, will be available to postpaid customers as of now.

"Services for prepaid customers in Pune will be launched shortly," the company said.

BhartiAirtel is the only company to start 4G data services in the country and Pune is the third city on its network. The company already offers high-speed wireless broadband services in Kolkata and Bangalore.

The company has selected telecom equipment company Nokia Siemens Networks to deploy and manage its network in Pune.

BhartiAirtel will price the devices at Rs 4,999 and the monthly tariff plans are priced between Rs 999 and Rs 2,999.

The company has also announced aRs 150 package for Airtel broadband TV service, that will allow users to access close to 76 channels and on-demand videos.

However, the Airtel 4G customers can leverage its introductory trial offer and access Airtel Broadband TV free of charge.

In 2010, BhartiAirtel had successfully bid for BWA licence spectrum in Kolkata, Karnataka, Punjab and Maharashtra (excluding Mumbai) circles.

In May this year, BhartiAirtel acquired 49 per cent stake in Qualcomm's BWA business in India for around Rs 922 crore which entitled it to offer 4G services in Delhi, Mumbai, Haryana and Kerala

34.ALCATEL-LUCENT WINS CHINA MOBILE TD-LTE CONTRACT

Alcatel-Lucent said it has been awarded a contract by China Mobile to deploy its expanded trial TD-LTE network in three cities, as the mobile giant moves to 4G quickly. Under the contract, Alcatel-Lucent Shanghai Bell, Alcatel-Lucent's China subsidiary, will supply about 3,000 base stations in Shanghai, Nanjing and Qingdao. Financial details of the deal were not disclosed.

Rajeev Singh-Molares, president of Alcatel-Lucent Asia-Pacific region, said Alcatel-Lucent will deliver "the largest share" of China Mobile's new TD-LTE trial rollout across these three major China cities.

The vendor was selected by China Mobile in March 2011 to deploy a trial TD-LTE network in Shanghai.

Singh-Molares said Alcatel-Lucent currently has over 20% of the worldwide LTE equipment market, and the scale of the China Mobile deal

35.ZTE WINS CHINA MOBILE 4G CONTRACT

ZTE said it has won a contract from China Mobile to build 4G networks in five major cities in China.

In a statement on Monday, ZTE said it will build China Mobile's TD-LTE networks in Beijing, Tianjin, Guangzhou, Shenzhen and Shenyang, with more than 13,000 carrier frequencies. Financial details of the contract are not disclosed.

The deal is ZTE's second TD-LTE contract with China Mobile. The Chinese mobile carrier earlier picked ZTE and Ericsson to build a converged FDD/TDD-LTE network for its operation in Hong Kong.

China Mobile launched the tender in August for some 20,000 base stations and 52,000 carrier sectors to be deployed in the expanded trial TD-LTE networks in 13 cities.

The tender attracted bids from ten telecom vendors including ZTE, Huawei, Ericsson and Nokia Siemens Networks.

36. BHARTI MAY MERGE INDIAN, AFRICAN UNITS

BhartiAirtel is considering merging its Indian and African telecom operations into a single business, presided over by a global CEO. The restructuring could be complete by mid-2013.

37.AIRCEL TO CUT 600 JOBS IN SCALE-BACK

India's Aircel plans to cut around 600 jobs, representing 12% of its workforce in five states, as the Maxis-owned mobile operator starts to enact its plan to scale back operations in unprofitable regions.

38.AIRTEL LAUNCHES INDIA'S FIRST 4G SMARTPHONE

India's largest operator, BhartiAirtel Ltd. (Mumbai: BHARTIARTL) in collaboration with Huawei Technologies Co. Ltd. has launched the country's first Long Term Evolution Time Division Duplex handheld device, Ascend P1 smartphone, today at an event.

BhartiAirtel had launched 4G services at Kolkata and Bengaluru earlier this year. However, the services were launched using the dongle device. This is the first handheld device available for 4G network.

"It [4G services] is taking time to ramp up. But it definitely has a wow offer. Right now we are able to offer 40 Mbps of download and 20 MBps of upload speed. The icing on the cake is that the customer pays us around \$20 ARPU," says Sanjay Kapoor, Chief Executive Officer, India and South Asia, BhartiAirtel.

This is a significant step in the development of the LTE ecosystem. India follows LTE TDD version so the ecosystem is slow to develop and not many devices are available. As of now, Bharti is the only one to offer 4G services. Other operators are likely to launch 4G services soon.

The phone is based on Qualcomm Inc. (Nasdaq: QCOM)'s Snapdragon S4 processor and uses android Ice Cream Sandwich operating system. It boasts of 1GB RAM, a 1.5 GHz dual core CPUs, 8-megapixel camera and built-in Adreno 225 GPU.

According to the press release, the phone handles high speed data on the LTE network and voice calls on the underlying 3G network using Circuit Switched Voice Fall Back (CSFB voice) technology.

39.2G SPECTRUM AUCTION: RELIANCE COMMUNICATIONS, SISTEMA AND AIRCEL TO NOT PARTICIPATE

Half-a-dozen mobile phone companies, including BhartiAirtel, Vodafone, Idea Cellular, Tata Teleservices, Telenor and Videocon, on Friday filed applications to participate in the upcoming 2G airwaves sale, which is expected to fetch the government 15,000 crore this fiscal and more than 45,000 crore over 12 years.

With as many as five existing mobile operators - Reliance Communications, Aircel Communications, the Indian unit of Russia's Sistema, and public sector telcos BSNL and MTNL - staying out, and with neither MukeshAmbani-owned Infotel Broadband nor any new international company throwing its hat in the ring, these auctions are unlikely to witness the aggressive bidding that characterised the 3G auctions of 2010.

The response to this round of spectrum sale is also far more muted than the 2008 first-come-first-served process under former telecom minister A Raja, when 44 companies had queued up to buy pan-India airwaves for 1,658 crore.

Finally, nine companies had got permits, but these were cancelled earlier this year by the Supreme Court, which ordered the government to sell airwaves and licences through the auction route.

Infotel Broadband, which is bankrolled by cash-rich Reliance Industries(RIL) and whose participation in the pre-bid conference fuelled rumours that it would take part in the auctions, surprised observers by its decision not to take part in the bidding.

But some industry executives said it was possible that Infotel Broadband would buy out Videocon's permits after the auctions.

Reliance had followed a similar strategy when it bought a 95% stake from the HFCL Group in Infotel, the only company to win pan-India 4G airwaves in the broadband wireless (4G) auctions of 2010.

Videocon Chairman Venugopal Dhoot said it would be premature to comment on whether the company would sell its airwaves and licences to RIL after the auctions.

But he told ET NOW, this newspaper's sister channel, that his company had excellent relations with Reliance. "We have very good friendship with RIL. We are always getting advice from them."

I don't commit (what will happen in future) but Mukesh Ambani's advice will continue. Yesterday only I met him," said Dhoot.

Videocon is the only company to have submitted bids to take part in both GSM and CDMA airwaves sale.

"Videocon's application states that the company will bid for GSM airwaves in 17 of the 22 regions in the country and for CDMA spectrum in 10 circles," an executive with direct knowledge of the development said.

Friday was the last day for submitting applications for taking part in the bidding process, which is scheduled to take place from November 12.

40. ONE-TIME FEE MUST BE RETROSPECTIVE, SAYS EGOM ON TELECOM HEADED BY FINANCE MINISTER P CHIDAMBARAM

A panel of ministers on Thursday recommended that existing GSM operators be charged a one-time fee retrospectively for all second-generation airwaves they hold beyond the 6.2 MHz mark for the tenure of their licences.

This modifies its earlier suggestion that the levy be imposed only with prospective effective and multiplies the woes of troubled mobile phone companies. The move follows Attorney-General GE Vahanvati's refusal to endorse the inter-ministerial panel's move to impose the fee prospectively.

"The earlier decisions of the Empowered Group of Ministers on spectrum stand. So far, the impact on the industry due to this one-time charge would have been a minimum of Rs 27,000 crore, but now they will have to pay an additional Rs 3,000 crore due to this retrospective charge, which will apply from July 2008 to December 2012. This is the only change," Telecom Secretary R Chandrasekhar told ET. Incumbents will now have to shell out a minimum of Rs 30,000 crore if the cabinet accepts the revised recommendations of the EGoM headed by Finance Minister P Chidambaram.

The telecom secretary also added that the retrospective charges for July 2008 to December 2012 will be calculated by indexing the 2001 spectrum auction prices to the interest rates of State Bank of India. A top executive with a leading GSM operator said all impacted mobile phone companies would go to court if the Cabinet endorsed the retrospective fee.

"The industry will not accept the retrospective spectrum charges. Such a fee violates terms of the licence, breaches bilateral settlements between the government and the industry in 2002, and contradicts the statements made by the ministry on the floor of Parliament. It is against the judgement of the telecom tribunal and Supreme Court," the executive added. Experts also say the increased charges for airwaves will head to higher tariffs. "There is a very high debt burden on the telecom industry, amounting Rs 185,000 crore.

A payment of Rs 30,000 crore towards excess spectrum charges will have an impact on the future state of industry and will lead to tariff increase," said PrashantSinghal, partner in Ernst & Young Global.

On Wednesday, Vahanvati had told the EGoM that he was sticking to his original opinion that only incumbent GSM operators be charged the one-time fee for airwaves they hold beyond the 6.2 MHz limit on a retrospective basis from July 2008. He had also criticised the EGoM's decision and said the latter had failed to explain why it chose to recommend that this one-time fee be on a prospective basis and not retrospectively from July 2008 as recommended by him. But despite Vahanvati reiterating that the one-time fee should not be imposed for airwaves between the 4.4 MHz and 6.2 MHz mark, the panel of ministers has decided to retain its earlier recommendation.

In his October 17 communication, the attorney-general had also warned that the EGoM's earlier decision to impose this one-time fee from the 4.4-MHz mark prospectively may not stand the test of legal scrutiny, and added that the panel's reasoning that this charge was being levied to bring about a 'level playing field between new entrants and existing licensees was self-contradictory'. Vahanvati stuck to his original opinion that all telcos be given the contracted amount of 6.2 MHz for their GSM operations without payment of any additional amount.

Chandrasekhar also said the EGoM had failed to discuss the Telecom Commission proposal that existing GSM operators such as BhartiAirtel, Vodafone, Idea CellularandBSNL give up all spectrum in the 900 MHz band at the time of their licence renewal. The EGoM will meet on this issue again within a week, he added. On Wednesday, the Telecom Commission, the highest decision-making body of the

communication ministry, had recommend that the entire spectrum held by older operators in the 900 MHz band be taken back and auctioned.

If the EGoM endorses the commission's decision, incumbent mobile phone companies will have to pay about Rs 1.5 lakh crore to buy back spectrum they hold in the 900 MHz band, and if they choose not to do so, they will have to shell out about Rs 1 lakh crore to migrate their customers to the 1800 MHz frequency. "The EGoM will take a decision on refarming before auctions begin," Chandrasekhar said.

Refarming involves redistribution of airwaves in the highly efficient 900 MHz band and substituting them with frequencies in the 1800 MHz band.

41. BHARTI AIRTEL NOW FOURTH LARGEST CELLCO

BhartiAirtel moved up a rung in the second quarter to become the fourth largest mobile operator group in the world by subscribers, new research shows.

A top 20 ranking by Wireless Intelligence shows that BhartiAirtel was also the fastest-growing mobile operator in the top five during the quarter - and the fourth fastest in the top 10 - with a 13% year-on-year increase in connections.

But first-ranked China Mobile wasn't far behind in terms of growth, recording an 11% year-on-year gain in subscribers. The Chinese incumbent ended the quarter with over 683 million mobile connections.

It isn't even a close race, with number two Vodafone having 386.9 million customers across its operating subsidiaries by the end of Q2, followed by America Movil at 251.9 million. China Mobile cemented its lead during the quarter.

China Mobile is also the largest mobile operator by mobile revenue, taking in over \$22 billion in the second quarter. By contrast, BhartiAirtel earned just \$3.04 billion, reflecting its presence in a low-cost, high-competition telecom market.

Chinese and Indian operators riddle the rest of the top 20 by mobile subscribers list, underlining the sheer size of the two telecom markets.

China Unicom ranked sixth with 219.2 million customers and 21% growth, India's Reliance Communications came in eighth with 154.6 million, and China Telecom was tenth with 144.2 million. Both China Telecom and China Unicom climbed in the rankings during the second quarter.

42. YAHOO PULLING OUT OF SOUTH KOREA

Yahoo is shutting down its South Korean business and pulling out of the market, blaming intense competition from homegrown rivals. The company will use the money saved from the withdrawal to set up a new joint venture with Yahoo Japan and Kakao Talk Japan.

43.WINDOWS 8 WAIT HURTS MICROSOFT

Microsoft's profit fell \$1.27 billion (€975 million) year-on-year to \$4.47 billion in its fiscal 1Q13, which covers the period to end-September. Revenue fell 22%, which the firm attributes to PC manufacturers holding off for its latest Windows 8 operating system.

44.YAHOO CEO MAKES MOBILE HER TOP PRIORITY

Yahoo CEO Marissa Meyer has outlined her plan for turning around the company, indicating that her main priority is to draw up a consistent mobile strategy to reflect the growing importance of the "mobile wave."

45.INDIA MAY NEED 12-DIGIT MOBILE NUMBERS

India's Department of Telecom may have to introduce 11- or even 12-digit mobile numbers to ensure the nation avoids running out as subscribers near 1 billion, experts warn.

46.IDEA'S VOICE ARPU HITS NEW LOW IN Q2

The country's fourth largest operator Idea Cellular Ltd. has reported a decline of INR 8 in its voice ARPU in the second quarter of FY 2012-13 reaching INR 148, compared to INR 156 in the previous quarter of the fiscal.

This is the lowest ARPU witnessed by Idea since last year. Operators have been struggling to tackle falling ARPUs and have now started focusing primarily on high revenue generating subscribers. The firm also witnessed a decline of 20 Minutes in minutes of use (MoU) per user in the quarter compared to the previous quarter of the current fiscal.

The operator's data ARPU however saw a marginal rise of INR 3 in the quarter with the data earnings now contributing 5.4 percent of the total revenue. The telco recently launched a 3G dual SIM smart-phone-Aurus to shoot up its data earnings.

The total 3G subscriber base of the firm now counts 3.7 million, with the addition of 0.6 million new subscribers in the quarter.

The gross revenue of the firm declined by 3.4 percent QoQ reaching INR 53.4 billion (\$987 million) in the quarter, compared to INR 55.3 billion (\$1 billion) in Q1. While the net profit for the quarter soared to INR 2.4 billion with a two fold rise compared to INR 1.05 billion in the year ago quarter.

Idea also claims to have attracted 4 million additional subscribers as on October 6, 2012 via Mobile Number Portability (MNP).

47.NOKIA UNVEILS ENTRY LEVEL SMARTPHONE – LUMIA 510

Nokia unveiled the Windows-powered Nokia Lumia 510, a smart and modern entry-level smartphone. It features a bright, 4-inch display, 5-megapixel camera and Nokia maps.

The Nokia Lumia 510 will be available in five different colours - red, yellow, cyan, white and black.

48. APPLE UNVEILS 7.9-INCH IPAD MINI

Apple has unveiled the widely-expected iPad Mini in an apparent response to Google's Nexus 7 and Amazon's Fire HD - but has raised eyebrows by pricing the device at a substantial premium to its rivals. The new iPad Mini has a 7.9-inch 1024-768 display, a dual-core A5 processor and both front and back cameras, Apple revealed. As with previous iPads, it comes in both Wi-Fi only and Wi-Fi + cellular models. The device uses Apple's new Lightning connector.

It has a complete new design that is 23 percent thinner and 53 percent lighter than the third generation iPad. iPad Mini has a beautiful new aluminum and glass design that is just 7.2 mm thin and weighs only 0.68 pounds.

49. MS TO LAUNCH SMARTGLASS THIS WEEK

Microsoft will this week launch in earnest its new SmartGlass service, providing cross-platform functionality between mobile devices and its Xbox 360 console. While the function will initially only be available on Windows Phone devices, a rollout to Android and iOS is coming "soon."

50. INDIAN CELLCOS FACE HUGE FINES

India's communications minister has approved an attempt to recover hundreds of millions of dollars from five of the nation's largest mobile operators, accused of misreporting revenues to shirk license fees.

BhartiAirtel, Vodafone, RCom, Tata Teleservices and Idea Cellular now face having to fork out at least 8.2 billion rupees (\$153.2 million) between them, and potentially much more, India's *Economic Times* reported.

The Department of Telecom (DoT) in January accused the operators of understating revenues to the tune of around 10.3 billion rupees, and had been seeking permission to take action to recover allegedly lost license fees.

All five operators strongly denied the claims of misreporting revenue and are expected to fight any attempts to implement the penalties.

Indian operators typically pay 6-10% of their annual revenue as license fees and 2-6% for spectrum usage charges.

The DoT is considering adding interest and penalties to the charges, which it estimates would bring the total to be recovered up to 15.94 billion rupees.

By the department's estimates, Reliance Communications would need to pay 5.51 billion rupees, BhartiAirtel 2.92 billion rupees, Tata Teleservices 2.74 billion, Vodafone India 2.54 billion, Idea Cellular 1.13 billion. But *ET* noted that these figures are subject to recalculation.

51. SAMSUNG LOSES FIRST ROUND IN APPLE ITC CASE

Samsung has lost the preliminary round of a US ITC patent case filed by Apple. with a judge finding that Samsung infringes on four Apple patents. If the findings are upheld by a full commission, Samsung may be barred from importing infringing products into the US.

52.HUAWEI TO PROVIDE SOURCE CODE TO AU

Huawei has promised to become more transparent in Australia, offering unrestricted access to its source code and designs, in a bid to assuage the security concerns that led to a ban on the company participating in the state-run NBN project.

53.RIL'S VOLTE TRUMP CARD

Reliance Industries Ltd. (RIL) seems to have played its trump card. In a latest development, RIL-owned Infotel Broadband Services has communicated to the Department of Telecommunications , that it is ready for the trial runs of offering its voice services through voice-over LTE (VoLTE) technology.

The company has a pan-India Broadband Wireless Access (BWA) spectrum which it has decided to use to offer Long Term Evolution Time Division Duplex (LTE TDD) services.

The announcement has also put an end to the speculations and questions which were raised following company's decision to not to participate in the upcoming auctions, this year. Earlier, there were reports suggesting RIL's intention to participate in the auctions in an effort to offer voice alongwith data.

However, with this announcement, the company seems to have prepared to offer both data as well as voice services using the frequencies in LTE in 2.3 MHz. It also signals that the company is on the right track to compete with BhartiAirtel Ltd.-the only player having launched 4G services in the country. Bharti has spectrum in four circles and has already rolled out the 4G services in Kolkata, Bengaluru and Pune. Moreover, Bharti also acquired Qualcomm's spectrum in another four circles in Delhi, Mumbai, Punjab and Kerala.

The catch however is, its not as easy. Since, everything on an LTE network is IP data, and the speeds are largely reserved for data services, an operator may find it challenging to offer voice as cheap as its possible on other networks. There is also a challenge of quality LTE devices ecosystem, which still needs some time to develop in the country.

The device manufacturers are focusing on the LTE FDD, another variant of LTE technology. Globally FDD is gaining more traction than TDD so it is not surprising that the device makers are focusing more on FDD.

Another challenge would be of security clearance from government of India. "It is happening the world-over. You need to have devices to support the ecosystem. It will take some time. Regulatory clearance is another hurdle. Government may want to

evaluate the technology from each aspect," says a top telecom expert on the condition of anonymity.

South Korea has recently witnessed first commercial launch of voice-over-Long Term Evolution (LTE), calling service rolled out by SK Telecom.

54. EGoM ON 2G SPECTRUM ALLOWS TELECOM FIRMS TO SHARE AIRWAVES

The inter-ministerial panel looking into telecom related issue has cleared the proposal to relax spectrum sharing rules for mobile phone companies. In its last meeting, the Empowered Group of Ministers (EGoM) on spectrum headed by finance minister P Chidambaram decided that telcos will be allowed to share airwaves after they pay the one-time spectrum charge prospectively for all airwaves beyond the 4.4 MHz mark.

55. APPLE DISAPPOINTS WITH Q3 PROFIT

Apple missed analysts' estimates with Q3 profit of \$8.2 billion, but beat expectations for revenue with a 24% increase in sales to \$35.8 billion. Disappointed investors briefly pushed the company's stock below \$600 for the first time in months.

56. TELENOR MIGHT BUY INDIA'S LOOP MOBILE

Norway's Telenor is considering acquiring India's Loop Mobile, in order to secure the unified services licenses required to participate in the upcoming 2G spectrum re-auction.

57. NO SPECTRUM TRANSFER CHARGE FOR TELECOM M&AS

In a related development, the panel of ministers also decided to do away with the provision to levy a special levy on mergers and acquisitions (M&As) in the sector.

"EGoM was of the view that mergers, in accordance with stipulated guidelines, lead to consolidation of spectrum and increased efficiency. Further, both parties to such merger would have paid for their respective spectrum holding in accordance with the decision on pricing of spectrum. Therefore, no additional charge need to be levied in the event of merger of such compliant licences. EGoM concurred with the proposal that in view of introduction of market-based pricing of spectrum, spectrum transfer charges of 5 per cent may not be levied on the difference between the transaction price and the market price of spectrum," the minutes of the October 18 meeting of the P Chidambaram-headed panel of ministers add.

58. BSNL MAY LEASE ACCESS TO TOWERS, CDMA NETWORK

Indian state-owned operator BSNL is seeking approval to lease out its CDMA network, and hive off its telecom towers into a separate company that will lease access to the sites, as it pursues initiatives aimed at restoring profitability

59.MS LAUNCHES SURFACE TABLETS IN CHINA FIRST

Microsoft held the global debut of its Surface tablets in China, in a bid to unseat Apple in the market – Apple typically launches its products in China months after the US and other markets.

60.SUN PHARMATO INVEST IN TELENOR

After separating from Unitech, looks like Telenor has found a new partner for its telecom operations in India. Independent sources have said that one of the family members of DilipShanghvi-led Sun Pharma promoter group will take up a stake of 26 percent in the new joint-venture in a personal capacity.

61.MICROSOFT LAUNCHES WINDOWS 8

Microsoft announced the availability of Windows 8 for its customers in India and around the world. Starting October 26, consumers and businesses worldwide will be able to experience all that Windows 8 has to offer— a beautiful new UI, a wide range of apps with the grand opening of the Windows Store.

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