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## **TRANSMISSION MONTHLY**

### **1. SLOW OPERATOR CAPEX HITS ERICSSON Q3 NET**

Ericsson has reported a 42% slump in Q3 profit to 2.2 billion kronor (\$381 million), in a sign that carrier network capex remains depressed in several key regions.

While net sales declined just 2% year-on-year, revenue from network equipment shrank 17% to 26.9 billion kronor over the same period.

Ericsson CEO Hans Vestberg blamed the decline on ongoing weakness in demand in China, Korea, Russia and parts of Europe.

He pointed out that global services and support solutions revenue now accounts for more than 50% of group wide sales.

### **2. RIM REPLACES NOKIA IN TOP FIVE**

Nokia has fallen out of the list of top five smartphone vendors, being replaced by fellow struggler RIM.

### **3. SAMSUNG APOLOGY TURNED APPLE PROPAGANDA**

Apple last week complied with a UK court order to issue a public apology to Samsung over an IP infringement claim, but used the advert to point out that other global courts have backed it in fights over the same patent.

### **4. INDIA BIASED AGAINST NEWER TELCOS: RCOM CHAIR**

Reliance Communications chairman Anil Ambani has accused the Department of Telecom of being biased in favor of the old guard of GSM operators led by BhartiAirtel, while making decisions regarding plans to introduce a one-time charge on "excess" spectrum holdings over 6.2 MHz

### **5. DOT TO ISSUE NEW NOTICES ON 3G ROAMING**

DoT intends to come up with new show-cause notices for the 3G roaming pacts between BhartiAirtel Ltd., Idea Cellular Ltd. and Vodafone India . The new notices will require the operators to discontinue services within 60 days.

### **6. TRAVEL & RETAIL – THE FASTEST GROWING ECOMMERCE SEGMENTS IN INDIA**

A recent study by ASSOCHAM and ComScore revealed that India is among the fastest growing online markets in the world and has registered a 41% growth in the last 12 months. According to the report, the total internet user base in India (inclusive of shared devices and mobile) is at 124 million users in the month of July 2012. 1 out of every 10 Indians is online making it a 10% online user penetration in India.

According to the report, ecommerce in both travel and retail segments have grown faster than several other categories in India. Online Travel in India is at 44% penetration and has grown over 41% from last year. Retail has grown 43% and reaches 60% penetration among online users, but is still below world averages.

Indian Railways is also among the most visited sites in India with over 12 million unique visitors a month. MakeMyTrip, Yatra and Cleartrip individually reach over 11.6%, 8.3% and 3% of total online users respectively.

Amazon is the most visited retail site with most of the traffic split among Amazon.com, IMDb and Junglee.com. Flipkart leads the way among the online retailers in India with 7.4 million unique visitors a month, growing at 431% annually. Snapdeal has been close second with 6.9 million unique. Jabong and Myntra have been competing closely in the lifestyle category with over 5.3 million unique each. HomeShop18 has over 4 million unique visitors a month.

## **7. RUSSIA THREATENS INDIA WITH ARBITRATION**

Russia will pursue international arbitration against India if the issue of the cancellation of the 2G license formerly held by System's Indian JV - SistemaShyam - is not resolved through the Indian court system, Russia's ambassador to India has warned.

## **8. CHINA MOBILE, KT TO COLLABORATE ON LTE ROAMING**

China Mobile and Korea Telecom have revealed plans to collaborate on initiatives including LTE roaming, NFC and new-generation smart phones.

## **9. GOOGLE UNVEILS TWO NEW NEXUS PRODUCTS**

Google has announced two new products in the Nexus range of Android devices - Samsung's 10-inch Nexus 10 tablet, and LG Electronics' Nexus 4 smartphone.

## **10. HUAWEI RESORTS TO GOODWILL BUILDING**

The Chinese telecom-equipment vendor, Huawei Technologies Co. Ltd. , aims to improve its image and has expressed willingness to cooperate with national governments at all levels.

The company's reputation took a massive beating after it was described as a national security risk by the House Permanent Select Committee on Intelligence (the Committee) of USA. Huawei, however, says that the report is largely based on a preconceived notion and the company is open for inspection of its facilities.

"We have been reviewed umpteen numbers of times across the globe, and still no concrete evidence of security threats has been revealed. No reports have proved anything. We genuinely say that if any government has any evidence against us, then publish it in the public domain and make it transparent," says John Suffolk, Senior Vice-President and Global Security Officer, Huawei Technologies.

The report suggests that the equipment provided by Chinese players like Huawei and ZTE Corp. can be used for espionage from Beijing. According to the report, Huawei refuses to provide concrete answers to how it has supported its customers by receiving favorable loans from Chinese banks for the last several years.

Following the report, the Department of Telecommunications has suggested the government to restrict import of network equipment from countries like China. This has put companies like Huawei in a situation where they have to work to reestablish their statures.

The world's second-largest maker of networking equipment, along with ZTE, is witnessing a big challenge in proving its commitment since US raised its suspicion of Chinese telecom-equipment makers of having close ties with the Chinese government. "Every country has a different level of maturity. We may or may not wish to comment on specific speculations and statements. Our objective is to keep innovating and win the trust of our partners," adds Suffolk.

The company has been restricted from a US\$38-billion project in Australia. Other countries including Britain and Canada are also exploring options to evaluate the company's position with respect to their national interests.

"There is no harm in asking these Chinese companies to prove their innocence. In the recent years, many cyber attacks have been linked to cyber terrorists based out of China. So the concern is genuine. No company is bigger than the sovereignty and security of any country, and all efforts [by governments] should be aligned to that," comments PavanDuggal, an advocate specializing in the field of cyber law.

#### **11. APPLE'S SOFTWARE CHIEF DEPARTING**

Apple appears to have responded to criticism over the mapping service on its latest operating system, revealing the man in charge of iOS – Scott Forstall – is to leave the company in 2013.

#### **12. LUMIA 820 AND 920 TO HIT SHOPS THIS WEEK.**

The first Windows Phone 8 smartphones from Nokia – the Lumia 820 and 920 – will be available in the UK, France, Germany and Russia this week, the vendor has revealed

#### **13. MS HAS SOLD 4M WIN 8 UPGRADES SINCE FRIDAY**

Microsoft has sold 4 million Windows 8 upgrades since the launch of the OS on Friday, according to CEO Steve Ballmer.

#### **14. NOW THERE'S AN APP FOR LIGHT BULBS**

The bulbs, which cost £179 for a starter pack that includes broadband connection equipment and three bulbs, screw into existing sockets and use just 20 per cent of the energy of conventional bulbs. Users are then able to turn light bulbs on or off or adjust

their brightness from anywhere in the world, including from their own sofa or while on holiday.

Philips claims that the new 50W (600 lumen) LED bulbs will give property owners the chance to deter burglars by remotely turning on lights, and will also allow them to save and adjust settings so that lights come on automatically, giving the impression that somebody is at home.

The bulbs will be available exclusively from Apple Stores, and Philips says users can "tune shades of white light or create any colour". Settings can be saved so that users can recreate "scenes" instantly, and also be adapted to form a backdrop to photographs.

## **15. BHARTI AIRTEL GOES FOR A NEW NOC**

India's largest operator, BhartiAirtel Ltd. took the next step in offering quality data experience to its subscribers today with the inauguration of its Network Experience Center in Manesar near Gurgaon.

The center will enable the operator to monitor mobile, fixed line, DSL broadband, DTH, m-commerce, enterprise and international cable system, internet clearing points from a single location. The NOC was inaugurated by Telecommunications Minister, KapilSibal today at Manesar.

The operator has partnered with Honeywell International Inc., Barco NV , Nelson Design, Nokia Siemens Networks and Turner Broadcasting System Inc. for setting up the center.

"This is an important step for us to offer quality of experience to our subscribers. This center will help us to manage the data usage in both 3G and 4G networks. It also gives us a 360 degree view of our services," says Sanjay Kapoor, Chief Executive Offer and Bharti Airtel.

The earthquake proof facility is claimed to be designed specifically to be used as a command center in case of national emergencies and natural catastrophe and boasts of having the biggest video walls in the world with 3600 square feet of solid state LED screen.

"Tomorrow, if there is a natural disaster of some nature, there government wants to come in and take control of the command center and say, we want to figure out how the various services are working for the government all across. We will be able to provide the linking to that. So, using our fiber, using infrastructure, they will be able to provide access to their information and have a control nationwide. So, we can provide the access to our facilities" says Kapoor.

The company further says that it is willing to share the infrastructure of the center with other operators. "We are happy to look at the business models where other operators can join us to share the infrastructure," adds Kapoor

The center will enable the operator to make the maximum use of the data available in its network and to offer customized services to its subscribers. Globally the operators are looking at ways and means to monetize the existing data on the network. Bharti's initiative is a step in this direction.

#### **16. IPHONE 5 TO BE LAUNCHED IN INDIA ON 2ND NOVEMBER**

The much awaited iPhone 5 is set to launch in India on 2nd November, 2012. According to Apple, iPhone 5 is the thinnest smartphone in the world, with an all-new 7.6 mm anodized aluminum body that is 18 percent thinner and 20 percent lighter than iPhone 4S. Designed with an unprecedented level of precision, iPhone 5 combines an anodized aluminum body with diamond cut chamfered edges and glass inlays for a truly incredible fit and finish. The iPhone 5 comes with iOS 6, the world's most advanced mobile operating system with over 200 new features.

#### **17. INDIA TARIFFS UNSUSTAINABLE: BHARTI CEO**

The CEO of India's BhartiAirtel, Sanjay Kapoor, has warned that current telecom tariffs in the nation are unsustainably low. But he doesn't expect an increase in prices until after the upcoming 1,800-MHz spectrum allocation is complete.

#### **18. TDSAT DIRECTS RCOM TO PAY PENALTY OF RS20 CRORE TO DOT**

In a big blow to RCOM telecom tribunal Telecom Dispute Satellite Appellate Tribunal (TDSAT) has directed Reliance Communications to deposit Rs 5 crore and a bank guarantee of Rs 15 crore to the Department of Telecommunication (DoT), which had imposed a penalty on the firm for not completing verification details of its customers in Assam.

#### **19. EGOM'S DECISION WILL DISRUPT COVERAGE: OPERATORS**

The Empowered Group of Ministers' (EGoM's) decision to allow the telcos to retain 2.5 MHz of spectrum in the 900-MHz band will disrupt the quality of coverage across the country, according to the GSM lobby Cellular Operators Association of India . The Association believes that it will be a daunting task for the operators to serve 400-500 million subscribers in the 900-MHz band with limited 2.5 MHz and the remaining on the 1800-MHz band. It will also negatively impact the quality of service.

"Failure to consider the impact of this technical matter may give rise to a decision which may end up destroying the high-scale and globally competitive network in India, causing irreparable damage to the country's telecommunication infrastructure and pushing the country into a Dark Age and forcing consumers, society, financial institutions and investors to bear the brunt of the erroneous recommendations," says the letter issued by COAI to Salman Khurshid, Minister of External Affairs.

The lobby in a letter to the Minister of External Affairs has also cited that no proper consultation was commenced by the sector regulator TRAI and the Telecom Commission on the impact of spectrum reframing, despite knowing that it will affect the live

networks abruptly. The EGoM yesterday permitted incumbent telecom players including BhartiAirtel Ltd., Vodafone India and Idea Cellular Ltd. to retain a maximum of 2.5-MHz spectrum in the 900-MHz band on the condition that they will pay an auction-determined price at the time of license renewal.

## **20. LENOVO LAUNCHES FIVE NEW SMARTPHONES IN INDIA**

PC maker Lenovo has announced the launch of five new smartphones in India. The smartphones – K860, S880, S560, P700i and A60+ will be available across Lenovo's exclusive stores in the country. These smartphones range from entry-level devices to high-end quad-core smartphones. These android based smartphones are priced in the range of Rs 6,499 to Rs 28,499.

## **21. AEGIS GRAHAM BELL AWARDS 2012 – WITH 3 AWARDS COMVIVA IN THE TOP**

And Comviva has proved it and continue to remain in the top once again. The global leader in providing Mobile Value Added Services (VAS), Mobile Money and Payment solutions today announced that it has won three awards at the coveted Aegis Graham Bell Awards ceremony held in New Delhi on 1<sup>st</sup> November 2012. Aegis Graham Bell Awards are presented to honor outstanding contributions of the entrepreneurs and companies in India in the fields of Telecom, Internet, Media and Edutainment.

The awards conferred on them were Comviva's mobiquity® mobile payment solution, Hola!, a social networking app and Managed VAS business model won top Honors in "Innovation in mCommerce", "Innovation in Mobile App. for Consumer" and "Innovative Business Model" categories.

## **22. ALCA-LU POSTS ANOTHER QUARTERLY LOSS**

Alcatel-Lucent is considering options including asset sales to aid in its turnaround, following its second straight quarterly loss.

The company reported a net loss for the third quarter of €146 million (\$187.2 million), from a €194 million profit a year earlier.

Revenue declined 2.8% to €3.59 billion, with network equipment revenue shrinking 11.9% due largely to depress spending in APAC, North America and Europe.

Wireless revenue was particularly hard-hit, falling 18.9% year-on-year. Announcing its results, Alcatel-Lucent said it had been a difficult quarter for its wireless business, due to cautious spending from operators.

The company said its wireless revenues had been impacted by "an accelerated technology shift from 2G/3G to 4G," in a tacit acknowledgement of its weakness in the segment, but added that its LTE business showed "year-over-year stability" during the quarter.

As with rival Ericsson, Alcatel-Lucent experienced significant margin pressure during the quarter. Alcatel-Lucent's gross margins decreased to 27.9% in Q3 from 35.3% a year earlier.

### **23. MICROSOFT TESTS OWN-BRAND SMARTPHONE**

Microsoft is developing own-brand smartphones, component suppliers in Asia Pacific claim. The firm is increasingly moving into the hardware market, after many years supplying software only.

### **24. APPLE SELLS 3M OF NEW IPADS IN THREE DAYS**

Apple has revealed it sold 3 million units of the iPad mini and the fourth-generation full-sized iPad in the first three days following launch - double the opening weekend sales of the third-generation iPad in March.

### **25. SPECTRUM ALLOCATION: INDIA LEFT WITH NO BIDDER FOR CDMA AUCTION**

India has been left with no bidders for part of an upcoming cellphone airwaves auction after Tata Teleservices became the second company to drop out of the process.

India's sixth-biggest mobile phone carrier by customers pulled out on Monday after smaller rival Videocon Telecommunications dropped its interest earlier in the CDMA-based (Code Division Multiple Access) mobile phone services.

Telecom ministry had planned to hold two separate auctions for airwaves used by GSM and CDMA-based mobile phone carriers hoping to reap a combined 400 billion rupees (\$7.4 billion) to plug a high fiscal deficit.

"Now there is no bidder left for CDMA. We will have to take a call on what to do," said a senior government official, who declined to be named, as the information is not yet public.

The official confirmed that Tata Tele and Videocon had withdrawn their applications to bid for CDMA airwaves.

A high auction starting price has deterred bidders, according to analysts.

The auction for GSM airwaves is scheduled to start from Nov. 12 and was to be followed by the CDMA airwaves auction.

The auctions were organized after the Supreme Court ordered all cellular permits to be revoked after a flawed state sale in 2008.

Tata Tele is set to lose its operating permits in three of 22 telecoms zones and was looking to buy back airwaves in those zones.

A source with direct knowledge said the company did not see "a strong business case" in buying back airwaves in those zones.

Videocon Telecommunications Ltd had applied to bid for both GSM and CDMA airwaves. The company remains in the race for GSM airwaves after withdrawing from CDMA airwave bidding, the government official quoted earlier said.

Norwegian telecoms group Telenor and Idea Cellular, which were affected by the court order, have applied to bid for GSM airwaves in the auction.

Mobile market leaders BhartiAirtel and Vodafone's local unit were not affected by the court's decision but are bidding in the auction to buy extra airwaves.

The government has set a base price of 140 billion rupees for 5 mega hertz of GSM airwaves in all the 22 zones -- more than seven times what companies paid in the 2008 grant process. The base price of CDMA airwaves had been set 1.3 times the GSM airwaves.

## **26. IS TELECOM CONSOLIDATION VIABLE**

The Empowered Group of Ministers (EGoM) gave its decision on the mergers-and-acquisition (M&A) norms last week. According to the new norms, if a telco wants to acquire another telco, the acquirer would need to pay the auction-determined price for the spectrum it acquires through the transaction. It is not clear whether this applies to a non-telco acquiring a telco too but it is safe to assume that it will. The result is that it has put a question mark on future consolidations in the Indian market.

The new norms can have far-reaching implications for Aircel Ltd. The Company is believed to be in talks with SistemaShyamTeleServices Ltd. for a purchase of stake in the company.

"The valuation of any telco would be severely hit if the acquirer has to pay auction-determined price to the government. This would have to be factored in and will definitely impact the chances of a telco wanting to be acquired," says Deepak Kumar, Independent Telecom Analyst and Consultant.

Aircel has been facing huge losses as a result of margin pressure. The company has decided to ramp down operations in five circles and is also planning to cut down its workforce by around 600, according to various media reports.

There might be another short-term implication. There is a strong buzz in the industry that Reliance Industries might acquire a company to enable it to offer voice along with 4G services. According to the new M&A norms, the acquisition will not be all that easy as the company might have to pay a market-determined price to the government.

Lastly, the new norms seem to be driven by the realization that the government might not be able to reach its target of INR 45,000 crore in the upcoming auction.

## **27. MILIND PATHAK JOINS ONE97 AS ITS GLOBAL HEAD OF NEW BUSINESS**

One97, one of the leading Mobile Internet Company has appointed Milind Pathak as its Global Head of New Business. This move is primarily to fuel the firm's global expansion plans. With Milind's leadership, One97 aims to create new business overseas and cater to the global market.

Milind holds an engineering degree from the University of Pune and a PG in Marketing from the JBIMS, University of Mumbai. Pathak has 18 years of experience, having worked with companies like Comviva Technologies, Buongiorno and Mitsui. Most recently, he served as Vice President-Asia Market Unit at Comviva. Prior to Comviva, Milind headed Buongiorno Hong Kong as its Co-CEO and Country Manager, where he set up the company from scratch in India and built it as a respectable VAS company riding on the back of many innovative solutions. The move comes close on the heels of Tech Mahindra acquiring a 51% stake on a fully diluted basis in Comviva.

## **28. TELECOM MINISTER WANTS LAW MINISTER TO BE READY FOR ANY ACTION BY SISTEMA**

The telecom ministry is learnt to have asked the law ministry to firm up its opinion and take necessary steps on expected legal action by Russian conglomerate Sistema against the government.

Telecom Minister KapilSibal in a letter to the Law Ministry has said that all requisite necessary measures like appointment of arbitrator and firming up the stand of the government should be taken if Sistema seeks arbitration, sources said. Sistema has 56.68 per cent stake in operator SSDL, whose 21 of 22 licenses have been cancelled by the Supreme Court on February 2.

"The time line for amicable settlement with Sistema JSFC, Russia and Government of India expired on August 28, 2012. It is further informed that Sistema is not taking part in the forthcoming auction of spectrum," Sibal said in the letter to Law Minister Ashwani Kumar.

"Thus, Sistema JSFC, Russia may seek arbitration, hence it is important to take all requisite necessary measures like appointment of arbitrator, finalization of legal team/counsel, firming up the stand of the government etc. for any eventuality," he said in the letter.

Sistema JSFC had served a notice to the government on February 28 under Bilateral Investment Promotion and Protection Agreement (BIPA). In the notice, the Russian conglomerate had said that in case the dispute (regarding cancellation of its India joint venture telecom licenses) is not settled amicably through conciliation by August 28, 2012, Sistema reserves its right to commence proceedings against India on the basis of any applicable intergovernmental investment treaty.

The Russian government, which has 17.14 per cent stake in the company, has been expressing concern and pressing the Indian government to ensure protection of Sistema's investment.

Last month, Russian Ambassador to India Alexander Kadakin had said that Russia will go for international arbitration if the issue of cancellation of 2G license involving Russian telecom giant Sistema was not resolved in Indian courts.

SSTL, which provides CDMA based telecom services, has said that "it has been unfairly penalized in the February ruling of the Supreme Court and has filed a Curative Petition seeking to restore its licenses."

The CDMA service provider has been arguing that there is no demand for the spectrum in which it operates and the prices set by government are very steep.

Government has set minimum price of pan-India spectrum in 800 MHz band around 11 times high compared to amount which companies paid to get it in 2008. The spectrums are proposed to be auctioned in blocks with each block having 1.25 MHz airwaves frequencies that are required to transmit signals.

## **29. FIVE LEFT IN INDIA'S 1800-MHZ AUCTION**

BhartiAirtel, Idea Cellular, Vodafone India, Videocon and Telenor's new JV Telewings will all participate in the auction, due to commence on Monday. Of the applicants, only Idea, Telenor (through prior joint venture Uninor) and Videocon had licenses revoked in the cancellation, and only Uninor and Videocon had all their operating licenses pulled.

Other companies hit by the revocation decision – including Etisalat DB and S Tel – have already decided to withdraw from the market.

The low number of bidders could be bad news for the government, which is relying on the auction to raise much-needed funds.

## **30. INDIAN CABINET CLEARS EXCESS SPECTRUM FEE**

In another potential blow to India's beleaguered mobile operators, the nation's cabinet has approved a controversial proposal to charge a one-time fee for "excess" spectrum holdings over 4.4 MHz

The cabinet is planning to charge a total of around 310 billion rupees (\$5.7 billion) to incumbent operators including BhartiAirtel and Vodafone, *Press Trust of India* reported.

GSM operators owning more than 4.4 MHz of spectrum will be required to pay a price, to be determined by the results of next week's spectrum auctions, for all "excess" airwaves.

The base price for the upcoming GSM auction is 140 billion rupees for a 5 MHz slot.

CDMA operators with over 2.5 MHz of spectrum will probably also be required to pay a one-time fee. But as there are no bidders left for CDMA spectrum, the Department of

Telecom will be asked to come up with an alternative method for determining the size of the fee.

Operators will be able to surrender their spectrum holdings beyond 4.4 MHz and 2.5 MHz respectively if they wish to avoid the fee.

Proposals to charge operators a one-time fee for large spectrum holdings have been circulating since 2010.

But Indian operators have been strongly opposed to the concept of having to trump up the fees in a time of intense competition, and with many still grappling with the large debts incurred from 3G rollouts and license fees.

### **31 RCOM QUARTERLY PROFIT FALLS 60%**

India's Reliance Communications has reported a nearly 60% drop in net profit for the September quarter to 1.02 billion rupees (\$18.7 million), as the company continued to grapple with a large debt pile and intense competition.

### **32. QUALCOMM VALUE EXCEEDS INTEL**

Qualcomm's market value has overtaken rival chip firm Intel's for the first time, after a bullish profit forecast resulted in its shares increasing 7.1% in morning trading yesterday. The increase left Qualcomm's value at \$106 billion (€83.1 billion) versus \$105 billion for Intel

### **33. AIRTEL PROFIT FALLS FOR ELEVENTH QUARTER**

BhartiAirtel has reported its eleventh straight quarter of declining profit, due to tax expenses and ongoing intense competition.

India's largest mobile operator posted a profit for the September quarter of 7.21 billion rupees (\$133 million), down 29.8% from a year earlier.

Tax expenses increased 57% due to a dividend distribution tax on a dividend from its stake in tower JV Indus Towers. Before tax, profit declined only 3% to 14.72 billion rupees.

By contrast, revenue grew 17.4% to 202.7 billion rupees, led by strong growth in mobile data revenues in India. But Indian voice revenues were depressed in a result attributed to seasonal weakness.

The operator's African operations showed signs of continued improvement, with revenue from the continent growing 29%, and its customer base across the 17 markets growing 21%.

But the segment still ultimately generated a net loss of 5.39 billion rupees for the quarter.

### **34. INDIA MOBILE BASE FALLS FOR 3<sup>RD</sup> STRAIGHT MONTH**

India's mobile subscriber base shrank by 1.7 million in September to 906.6 million. This marks the third straight month of declines, due to market saturation and attempts to disconnect inactive subscribers.

### **35. VODAFONE LAUNCHES M-PESA MOBILE MONEY SERVICE WITH ICICI BANK**

Vodafone India reveals a strategic alliance with ICICI Bank, India's largest private sector bank for its mobile money transfer and payment service called 'm-pesa'. Vodafone India through its 100% subsidiary, Mobile Commerce Solutions Ltd and ICICI Bank have finalized plans to launch mobile payment services this year, under the brand name 'm-pesa'

### **36. WHY NO AUCTION OF ALL CANCELLED SPECTRUM: SUPREME COURT TO GOVERNMENT**

The Supreme Court on Thursday asked the government to immediately explain why it is restricting the sale of airwaves in the upcoming auctions, and not selling all spectrum vacated by the 122 licenses whose permits were cancelled earlier this year.

But the apex court clarified that the upcoming airwaves sale process, scheduled to begin on November 12, would not be deferred, even as it asked the telecom department to submit its response on Friday. The court was hearing the petition of Aditya Birla Group company Idea Cellular and the Cellular Operators Association of India, the industry body representing GSM operators, both of who had challenged the government's decision to restrict the sale of airwaves in the upcoming sale.

The Supreme Court in its February 2 orders quashed 122 mobile permits awarded by former telecom minister A Raja and asked the government to issue new licenses through an auction process. While the SC order freed over 430 MHz of second generation airwaves on a pan-India basis, the government has decided to limit the sale to 271 MHz

### **37. TELCOS TO BE PENALISED FOR POOR QUALITY OF SERVICE: TRAI**

Telecom operators will now be penalized for providing poor quality of service and could attract fines of up to Rs 10 lakh for incorrect information on every performance parameter.

TRAI today issued an amendment in regulation in which it has made provision to impose financial disincentives on mobile phone service providers for not meeting quality of service benchmarks.

TRAI measures performance of mobile phone operators on basis of over 10 parameters. The regulator said as per new rule, service providers will have to pay penalty of up to Rs 10 lakh for each parameter furnished incorrectly in the report submitted to the regulator.

"Rs 50,000 per parameter for the first non-compliance and Rs 1, 00,000 per parameter for subsequent non-compliance of the benchmarks," Telecom Regulatory Authority of India said in a statement.

For landline service providers, TRAI said "for non-compliance with the benchmark for the Customer Service Quality Parameters at a rate not exceeding Rs 50,000 per parameter," will be levied.

According to benchmark set by TRAI, in the case of bills issued by Telecom operators "not more than 0.1% of bills issued should be disputed over a billing cycle" of post-paid subscribers.

TRAI rules say that there should be "not more than 1 complaint per 1,000 customers for metering, charging, credit, and validity from pre-paid customers. The billing dispute should be resolved within a month by operators as per rule.

Similarly, there should not more than 2% call drops in the network of mobile phone operators and in case of worst affected service area it cannot be more than 3% call drop in the network.

### **38. UPCOMING 2G SPECTRUM AUCTIONS: SUCCESSFUL BIDDERS CAN RAISE FOREIGN LOANS**

Successful bidders in the upcoming 2G spectrum auctions will be able to raise debt overseas, a move aimed at encouraging telecom companies to refinance their rupee loans and make upfront payments to help the government maximize its proceeds.

The finance ministry on Friday announced the change in external commercial borrowing (ECB) norms ahead of the spectrum sale, which is scheduled to begin on November 12.

The Reserve Bank will operationalise the change within a week.

### **39. SAMSUNG GALAXY S3-BEST SELLING SMARTPHONE MODEL IN Q3 2012**

A recent report by Strategy Analytics revealed that Samsung Galaxy S3 overtook Apple's iPhone 4S to become the world's best-selling smartphone model for the first time ever in Q3 2012. A large touchscreen, extensive distribution and generous operator subsidies are some of the key factors driving the growth.

### **40. APPLE, HTC SETTLE PATENT BATTLES**

Apple and HTC have revealed they have reached a confidential settlement to all their patent lawsuits and signed a 10-year co-licensing agreement. The case marks the first time Apple has granted a patent license to an Android handset maker

#### **41. GOVT ROLLS OUT AAKASH 2**

The second-edition of the HRD ministry's ambitious project, the *Aakash* tablet, is finally released in the country. Manufactured by the Canadian firm DataWind Ltd. , the first edition of the tablet had a controversial run and was rated poor in terms of performance quality by most industry experts.

The specifications of the new device called *Aakash 2* are believed to be much better than its predecessor. The new tablet runs on a 1-GHz processor, the Android 2.3 OS and has 512-MB RAM compared to the 366-MHz processor and 256-MB RAM of its previous version.

The tablet also supports HD playback and comes with a 4-GB flash memory which is expandable up to 32 GB. The commercial version of *Aakash 2* is called *UbiSlate 7Ci* and is available for sale from Datawind's website.

Datawind will supply 1-lakh smart devices to the Indian Institute of Technology, Bombay in the first phase at a price of INR 2,263 (\$41) per unit, which after being subsidized by the government will be available for INR 1,130 (\$20) to students.

The institute has developed compatible applications for the device like C++ programming, 3D modeling, robotic control and has also partnered with the Center for Development of Advanced Computing (C-DAC) to assist with hardware testing and logistics.

#### **42. RIM TO LAUNCH BLACKBERRY 10 ON JAN 30**

RIM has revealed it will launch its new BlackBerry 10 platform simultaneously in multiple countries on January 30. The vendor is pinning its hopes on the OS for a turnaround.

#### **43. APPLE ORDERED TO PAY SAMSUNG LEGAL FEES IN UK**

Apple has been ordered to pay Samsung's UK legal fees on an "indemnity basis," as a slap on the wrist for its "lack of integrity" in not properly complying with an order to post notices of the court's verdict that Samsung didn't copy its registered tablet design.

#### **44. BHARTI BLOCKS INCOMING SMS FROM RIVALS**

Indian incumbent BhartiAirtel temporarily blocked incoming text messages from rivals Aircel and Reliance Communications, in the heat of a dispute over interconnect charges.

Airtel implemented the block arguing that it was forced to do so after its rivals flooded its network with "free spam messages," *Economic Times* reported.

The operator alleges that these messages are impacting the quality of service of its network and, by extension, to its own customers.

Indian telecom tribunal TDSAT subsequently told Bharti Airtel to restore SMS interconnection to RCom while the Supreme Court waits to hear RCom's request to have the interconnection permanently restored.

RCom and Aircel have accused Bharti Airtel of using pressure tactics and abusing its market dominance to force them into signing an unfavorable bilateral interconnect agreement.

According to Aircel, this agreement would result in a 0.1 rupee charge per SMS for non-Airtel customers.

Aircel is resisting signing this agreement, claiming it would result in significantly higher costs for its customers. The operator is also challenging fees claimed by Bharti Airtel over SMS interconnections in the Supreme Court.

#### **45. CISCO LIFTS Q1 NET DESPITE PROFIT PRESSURES**

Cisco beat expectations with an 18% increase in net income for its fiscal first quarter to \$2.09 billion, despite intense competition and weakening demand for network equipment in Europe and the US.

#### **46. HALF OF MUMBAI'S CELL TOWERS ILLEGAL: BMC**

Indian civic body Brihanmumbai Municipal Corporation has alleged that nearly half of the 3,600 mobile towers in metropolitan Mumbai were set up illegally, with their presence representing a potential health hazard due to radiation risks.

#### **47. 2G AUCTIONS FLOP AS 57% OF SPECTRUM REMAINS UNSOLD; GOVT GETS LESS THAN A QUARTER OF ITS REVENUE TARGET**

The government has garnered just Rs 9,407 crore, less than a quarter of what it expected, as the much hyped second generation (2G) airwaves auctions evoked a tepid response from mobile phone companies, exacerbating concerns about the Centre's ability to meet its fiscal deficit target.

Norway's Telenor and Videocon, which had lost pan-India permits when the Supreme Court quashed all permits issued by former telecoms minister A Raja, won back their licenses in six circles each, and will shell out Rs 2,222 crore and Rs 4,018 crore respectively. Telenor emerged as the largest bidder in the auctions.

Idea Cellular that lost operational permits in seven circles after the apex court's orders earlier this year has bagged airwaves in all these regions and has got one block of additional airwaves in Bihar, a company confirmed.

Incumbent operators Vodafone and Bharti Airtel won additional airwaves in 14 and one circle respectively, according to information furnished by the telecom department on its website. Vodafone will have to pay about Rs 1128 crore. "We have sold 42.37% of the total airwaves that were put up for sale. There were no bids for Delhi, Mumbai, Karnataka and Rajasthan, and these four zones contribute 50% of the reserve price. The

government will have to take some serious policy decisions, including whether the auctions should be re-run in these four circles with a lower reserve price," telecom secretary R Chandrasekhar told ET.

In all circles, bids were at the base price with the exception of Bihar, where they ended marginally higher, according to data released by the telecom department on its website.

Mobile phone companies and analysts termed the auction, which lasted just two days, a failure and demanded that the government reexamine its policies, including the reserve price, but telecom minister KapilSibal said the Centre 'can't be faulted as the base price had been fixed by Trai".

"We should have got one lakh crore, but got less than Rs 10,000 crore. We have done exactly what the court has asked us to do. We even reduced the reserve price set by Trai to Rs 14,000 (for 5 MHz on a national basis)," Sibal said.

He also pointed out that regulator Trai had fixed the reserve price for this sale process based on the third generation spectrum auction results of 2010. "It is very dangerous to extrapolate 2010 prices to 2012. The nature of market in 2008 was different from that of 2010. The state of the market in 2008 and 2010 is different from that in 2012," he added.

The total amount raised by the government is almost the same amount that telecom companies had paid in 2008 to bag mobile permits in a scam-tainted sale. India's national auditor in its report in report in 2010 had said that Raja's decision to give away airwaves at rates fixed in 2001 had caused a loss of Rs 1.76 lakh to the exchequer. Further as the government has said it would refund the license fees paid in 2008 the net gain to the exchequer might be zero or even negative once the exercise is concluded.

"We don't know if there will be a net gain after refunds, claims, possible arbitration. Successful winners can offset the amount they paid in 2008 and need to pay only the remaining," Chandrasekhar added.

#### **48. VODAFONE INDIA 1H REVENUE GROWS 13%**

Vodafone India revealed its first-half revenue grew 13.3% to 175.8 billion rupees (\$3.2 billion), but has not yet disclosed its profit result for the period.

#### **49. RIM TO OFFER VOICE CALLS WITH BBM**

BlackBerry maker Research in Motion is announcing a new feature for its popular BBM messaging service. It will allow its customers to make free voice calls over a Wi-Fi network.

RIM said today that BBM users will be able to switch back and forth from a text chat to a voice call. RIM also says a split-screen option will let them talk and text at the same time.

The Canadian company says the BBM voice feature is especially attractive for developing markets. Unlike regular texts, BBM messages are not charged on a per text basis.

RIM is struggling in North America to hold onto customers who are abandoning BlackBerrys for flashier iPhones and Android phone. But the BlackBerry continues to sell well in markets like South Africa, Nigeria and Indonesia.

#### **50. TOP INDIA 2G BIDDERS WON'T HAVE TO PAY FOR YEARS**

The three biggest spenders in India's lackluster 2G auction will not need to pay anything for the next three years if they choose to pay in installments, as the sum they are due to be refunded from the cancellation of their licenses is higher than their first installments.

#### **51. CISCO TO ACQUIRE CLOUPIA**

Cisco has agreed to acquire US-based software company Cloupia, to extend its data center portfolio and help better manage converged infrastructure solutions.

Under the deal, Cisco will pay \$125 million in cash and retention-based incentives in exchange for all shares of Cloupia.

Upon the close of the acquisition, which is expected to be complete in the second quarter of 2013, Cloupia employees will be integrated into Cisco's data center group.

Cisco said the Cloupia acquisition could help the networking giant address the increasing need for simplified management systems across compute, storage, network and virtualization functions.

#### **52. DOP AND BSNL PARTNERS TO LAUNCH 'MOBILE MONEY TRANSFER SERVICE'**

Mobile Money transfer service is first of its kind in India and targets largely the migrant people, who are working away from their families. It enables instant transfer of money on the mobile through SMS. Also, this service synergizes large number of Points of Presence (POPs) of DoP and vast spread of mobile network of BSNL to serve the common man.

This service enables immediate 'money transfer' from one person to another through post offices using mobile phones. The postal assistants use the mobile phone and technology provided by BSNL. The sender and recipient customer can have mobile number of any Telecom operator.

At present, this service is enabled at 18 post offices each at Delhi, Kerala, Punjab and Bihar Postal circles which cover 12 cities in Punjab, 14 in Kerala, Delhi and 15 cities in Bihar.

### **53. ROUND TWO OF 2G SPECTRUM AUCTIONS BY MARCH 2013: KAPILSIBAL**

India intends to conduct another sale of airwaves before March 2013 to find bidders for unsold spectrum, Telecom Minister KapilSibal said on Friday.

Sibal blamed 'sensationalism' and the "environment created by extrapolation of figures (resulting in) limited policy prescriptions available with the government" for the failure of the recently concluded auctions, which raked in less than a quarter of the Centers revenue targets.

"There will be an auction before March. The circles that received no bids, unsold spectrum in other regions, CDMA airwaves - all can be sold. The procedure to be followed, reserve price and other issues will be decided soon," he added.

Sibal and Finance Minister P Chidambaram, who also addressed the press conference, were scathing in their criticism of the national auditor that, in a report issued in 2010, had claimed faulty allocation of licenses by former telecom minister A Raja had cost the exchequer Rs 1.76 lakh crore.

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