DATE: 16th December, 2015

To

Shri Arvind Kumar,
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Subject: Consultation Paper on 'Implementation Model for BharatNet'

Reference: Notice for Extension of last date for submission of comments on Consultation Paper on 'Implementation Model for BharatNet'

Dear Sir,

This is with reference to the above subject; please find enclosed our consultation approach paper as enclosed.

Yours Faithfully

Name: Shishir Jain
Designation: Deputy Manager

Should awarding of Engineering Procurement and Construction (EPC) turnkey contracts to private sector parties through International Competitive Bidding (ICB) be considered for the NOFN project?

Instead of International competitive bidding new technologies with preference to make in india program should be given. The bidder should have office in India to execute the program

Should we not explore ways in which infrastructure development costs can be reduced? Is it possible to piggyback on the existing private sector access networks so as to minimize costs in reaching remote rural locations?

Rather to reduce complexity a separate network which can be quickly deployed and has low re location charges like VSAT should be explored. Using the existing infrastructure means in depth study which can complement the network to be put in place so that the digital divide can be quickly reduced. The VSAT network can be a sing window of service to all the state and central govt. G2C Services. ISRO also has plans to launch a TS Satellite using Ku/Ka Spot beams which will provide very high throughput over VSAT. This can be an ideal platform to roll out these services at PAN India level using VSAT Technology with very minimal cost.

Using the existing telecom network along with backup media can give an impetus to the Make in India program

What can the private sector do to reduce delivery costs?

Enterprises due to repetitive execution of orders have streamlined the process and execution map required for speedy ordering, Installation and Commissioning. Bringing in this experience helps in optimization of network roll out and also reduces time and cost overrun.

Consider the vital issue of enforceability/execution: Who is responsible for executing the plan? Who will monitor progress? How will implementation be funded?

Issue redress agency to whom issues to be reported and coordination with relevant stake holders and sorting of the problem in a fixed duration

Demand & Supply challenges faced by government

Service goal

Development & Implementation Plan

Complexity

Cooperation

Stakeholder

Regulatory Mechanism

Proposed exception for implementation of the project

Incentive Approach

Quick Implementation Approach

Rural Economic Push - A key Focus & Support System using Indian Post (Pull factor for the Services)

GOI should sell the services to all the state departments

Agents to Bring customers to use service

Q 1. The "Report of the Committee on NOFN" has recommended three models and risks/advantages associated with these models. In your opinion what are the other challenges with these models?

Waiver of Custom Duty for the Hardware
Tax exemption

Q 2. Do you think that these three models along with implementation strategy as indicated in the report would be able to deliver the project within the costs and time-line as envisaged in the report? If not, please elucidate.

Cost & Time

- Preference should be given to equipment's produced in India
- Quoting 1 Year Warranty and Post to that AMC should be compulsory

Do you think that alternate implementation strategy of BOOT model as discussed in the paper will be more suitable (in terms of cost, execution and quality of construction) for completing the project in time? If yes, please justify.

BOOT Model – Proposed Changes

- Partial Funding by central govt.
- Partial funding by state govt.
- Partially financed by Bidder

By having all the party a part having equal stake will enforce responsibility equally. By this mechanism all party should be held accountable and responsibility for each of the respective scope. But the payment should be done from one office preferably state government agency.

What are the advantages and challenges associated with the BOOT model?

BOOT Model has significant disadvantages for the bidder as no fault of bidder the payment gets delayed as customer is relieved of all risks their involvement has no incentives hence we propose BOOT Model for OPEX part of it rather than CAPEX part of the project.

What should be the methodology of funding the project? In case of VGF, what should be the method to determine the maximum value of VGF for each State/ service area and what should be the terms and conditions for making payments?

Select only Make in India Product but giving them no incentive over and above the L1 criteria for selection would mean indirect benefits for the program in terms of long term viability and availability of spares and support with push to Make In India initiative.

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What kind of fiscal incentive and disincentive be imposed on the agency for completing the project in time/early and delaying the project?

- **Incentives:** timely sign off and payment release as per milestone achieved, repeat orders for similar nature of work,

- **Disincentives:** imposition of LD /Penalty as per standard RFP(s) of public telecom sector.

What should be the tenure/period after which the ownership of the project should be transferred to the Government?

Since the project in discussion would be a project for Digital India initiative a structured revenue model cannot be proposed assertively. Apart from that we have already suggested why BOOT Model is not a win win situation for both the stake holders.

Do you think that some measures are to be put in place in case the executing agency earns windfall profits? How should windfall profits be defined?

By encouraging more competition there would be no need to be afraid of windfall gains because no organization will be in a position to make windfall gains. We also recommend that supply and service tenders should be separated as this will encourage more competition.

Whether there is a need to mandate the number of fibres to be offered as a dark fibre to other operators to ensure more than one operator is available for providing bandwidth at GP level?

Following points can be considered –

1. SI shall ensure that the last mile/ City/ Intracity connectviity at DC would be on OFC. SI shall ensure the route diversity while provisioning of OFC at the DC.
2. SI to ensure that the underground fiber laid for the DC to have proper ducting and the routes taken by the fiber shall not be through ongoing consstuction area thereby ensuring least or no disruption.
3. The bandwidth should be specified.
4. Route diversity like E , W traffic be specified.
5. Duct laying and Duct specification should be specified.
6. The Fiber connecvity should be asked as tripartie or consortium agreement to have the seamless SLA.
7. Prime bidder should do vendor management for the Fiber vendor.
8. The digging & municipal permission must be arranged by Customer.
9. Skill profile must be mentioned clearly for the active equipment.

Using above mentioned steps customer can ensure that all the SI can be interwoven to delivery highest uptime. And at the same time RFP for all the components like VSAT, Fiber, RF etc can be simultaneously launched yet achieving the objective. This method will also save cost for the customer as competition would increase and also in case a combined RFP would have come the sub components outsourced would also be loaded by front bidder.

What measures are required so that broadband services remain affordable to the public at large?

Pay per use strategy for each transition using network with a very small fees. But also establish a Service Agent program like LIC policy agents should be certified by government to be run as independent business that will bring in end users and encourage them to use online services and also become a sustainable business, create ecosystem for propagation, advertisement of services.

Apart from the above model it should become a revenue earning model over which state as well as central government should be over a charge push their services. Like Skill development program, Tourism Development, Information for Farmers, Training of Teachers etc.

What safeguards are to be incorporated in the agreement entered between Government and executing agencies if RoW is not being granted to the executing agency in time?

N/A

The success of BOOT Model depends on participation of private entities which will encourage competition. What measures should be adopted to ensure large scale participation by them?

Either the customer should also pay penalty for the delays in payment or execution of the project due to customer end reasons. And also monitoring and coordination committee should be put in place which is authorized and empowered to resolve all the issues pertaining to execution of the project.

Please give your comments on any other related matter not covered above.

The "Report of the Committee on NOFN" has recommended three models and risks/advantages associated with these models. In your opinion what are the other challenges with these models?

Do you think that these three models along with implementation strategy as indicated in the report would be able to deliver the project within the costs and time-line as envisaged in the report? If not, please elucidate.

- **Implementation Strategy:** Make in Product for Supply and to propagate and promote the use of system for G2C Services creation of Agents who will bring customers or end users. This will create a sustainable model for this network

- **In Time Delivery Strategy:** On time payment to in time delivery of the bidders scope else interest on the delay should be paid to the bidder.

- **Cost Control Strategy:** Encouraging more competition by splitting, Product procurement, Services etc. separately. This will allow more companies pertaining a specific area or scope to get involved and bring down the total cost.

Do you think that alternate implementation strategy of BOOT model as discussed in the paper will be more suitable (in terms of cost, execution and quality of construction) for completing the project in time? If yes, please justify.

BOOT takes away risk from Customer but transfers it Bidder and on the same hand due to lack of proper tracking and issues disposal mechanism the payments get struck for long time hence the BOOT model has become a strategy which has no takers in corporate world.

Alternative:

What are the advantages and challenges associated with the BOOT model?

Advantages:

- Risk of customer of Non performance only goes off the book

Disadvantages:

- Risk of Not achieving the objectives never goes off the book hence BOOT model doesn't offer any significant advantages

Bidder due to payment issues are now afraid of bidding for such projects which are on BOOT Model.

What should be the eligibility criteria for the executing agency so that conflict of interest can be avoided?

Since project will be large only innovative designs which can offer savings in long term of OPEX should be given top most priority rather than just focusing on eligibility criteria. To establish this fact POC should be done to evaluate it first then go for the RFP whoever can bid for the specs should be allowed entry

Should there be a cap on number of States/ licensed service area to be bid by the executing agency?

Q.7 What measures are required to be taken to avoid monopolistic behaviour of executing agency?

Collaborative execution based on allocation of equal number of sites to both L1 & L2 bidders in case L2 bidders match L1 values.

Q.8 What terms and conditions should be imposed on the executing agency so that it provides bandwidth/fibre in fair, transparent and non-discriminatory manner?

- IP Throughput should be the fundamental demand of the RFP
- Number of simultaneous VSAT transmission possible should be asked
- Part Fixed Payment for bandwidth and Part Variable payment based on throughput achieved by VSAT system
- Lower OPEX considering bandwidth required to achieve a required bandwidth should be taken into account while deciding L1.

Q 10 What should be the methodology of funding the project? In case of VGF, what should be the method to determine the maximum value of VGF for each State/ service area and what should be the terms and conditions for making payments?

Center Roles	**State Role**
Broad Policy Framework	All empowered authority like RAJNET in Rajashthan

Broad Technical Framework	RFP Based on Policy framework
Broad Regulatory Interactions between State Authority and approving athorities at disposal of center	Implementation, Monitoring & Payment through center

Q.11 What kind of fiscal incentive and disincentive be imposed on the agency for completing the project in time/early and delaying the project?

Sl. No.	Incentives	Disincentives
1	Payment should be given on time	LD \ Penalties should be levied
2	Additional orders only to Organization who delivers on time	No or Less repeat orders

Q.12 What should be the tenure/period after which the ownership of the project should be transferred to the Government?

BOOT model will not attract much competition as the risk is higher compared to payment issues, slow response from stake holders etc.

Q 13 Do you think that some measures are to be put in place in case the executing agency earns windfall profits? How should windfall profits be defined?

Even though in a competitive environment windfall profits are not possible but since the procurement framework of the government is based upon L1 criteria Govt. should not limit bidders to achieve their goals. If it is a fraudulent product or bid windfall profits can be possible to achieve.

Q.15 What measures are required so that broadband services remain affordable to the public at large?

- Low CAPEX
- Quick Installation
- Awareness & Time to adapt for people for the switch from paper to technology
- Low OPEX
- Lower charges to avail services for online services
- Expandable solution
- State of art product

Q.16 What safeguards are to be incorporated in the agreement entered between Government and executing agencies if RoW is not being granted to the executing agency in time?

Q.17 The success of BOOT Model depends on participation of private entities which will encourage competition. What measures should be adopted to ensure large scale participation by them?

RFP for each of the component like VSAT, RF, Fiber should be separately tendered so that all the relevant companies can bid for the same and hence achieve lower cost for the customer.

Q.18 Please give your comments on any other related matter not covered above.

TDMA Products Manufactueres	**URL**
Gilat SkyEdge 2C	http://www.gilat.com/
Advantech	advantechwireless.com
Romantis	romantis.com
iDirect	http://www.idirect.net/
SCPC DAMA Manufactueres	**URL**
Comtech	www.comtechefdata.com/
SATPATH	satpath.com