



To,

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Telecom Regulatory Authority of India,
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg, (Minto Road),
New Delhi-110002

No. Regln/4-11/2007/ 7493

Dated: 29-10-2018

{Kind attention: Shri U.K. Srivastava, Principal Advisor (NSL)}

Sir,

Sub: BSNL's comments on the TRAI Consultation Paper on Estimation of Access Facilitation Charges and Colocation Charges at Cable Landing Stations-reg

Kindly refer to the TRAI press release no. 106/2018 dated 18-10-2018 on the subject mentioned above. BSNL, before commenting on two issues of this Consultation Paper, would like to submit the following which can be considered as Market Forces effect:-

- i) BSNL is one of the TSPs and procures International Bandwidth since its inception i.e. 2000-01. The cost of International bandwidth to the service providers consist of two components namely cost of IPLC and the cost of interconnection at CLS consisting of AFC and CLC. The growth of Internet and Broadband has pushed the demand of International Bandwidth exponentially so the activation of International Bandwidth at CLS has increased multi fold and is expected to increase further from present position. The price of International Bandwidth (IPLC) has come down significantly during this period. However, the Access Facilitation Charges (AFC) and Co-Location Charges (CLC) have remained almost constant at exorbitantly high level until TRAI issued Regulation 'The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-location Charges Regulation 2012' dtd 21.12.2012 and prescribed the AFC and CLC w.e.f 01.01.2013. But, still two owners of Cable Landing Station (OCLS) namely M/s Tata Communication Ltd. and M/s Bharti Airtel Ltd. have not accepted the TRAI prescribed AFC and CLC charges completely.
- ii)
 - a) AFC and CLC charges should not act as the deterrent for Telecom Service Providers. For example, in EIG submarine cable connecting London to Mumbai, BSNL and Bharti Airtel both from India initially owns share of around 7% in the cable. M/s Bharti Airtel owned the CLS at Mumbai and BSNL is a non-landing consortium party. But, even though BSNL being consortium party in the EIG, M/s Bharti still continues to ask very high rate for AFC and CLC for activating BSNL's own capacity in cable at Mumbai CLS. To avoid such a high recurring cost, BSNL had planned to establish another CLS for EIG at Mumbai. However, the proposal was also derailed / blocked by M/s Bharti Airtel in the EIG Management Committee meetings which has deprived BSNL from using its own capacity in EIG.
 - b) Further, BSNL procures 10 G IPLC nature bandwidth for internet to USA from Mumbai at Rs 85 lac / annum from M/s Bharti or M/s Tata. This procured International Bandwidth will also require activation of bandwidth at CLS.
 - c) The price of Rs 85 lac also includes the AFC charges at their own CLS. It shows that they are trying to levy very high AFC and CLS Charges to scuttle any fair competition from domestic players.

- d) Similarly there are foreign operators like M/s AT &T ,M/s STC, M/s Du etc who are also owner of EIG submarine cable but are unable to use it at India because of the exorbitant CLS charges (as it makes their pricing very unviable). (BSNL letter to Additional Secretary Telecom dtd 24.11.2017 –Annexure-I)

iii)

- a) The rates / price of International Bandwidth are decreasing exponentially on year on year basis. The annual price of STM-16 (approx, 2.5 G) bandwidth had decreased vertically from Rs 6.0 Crores approx in 2008 to Rs 1.2 Cr approx in 2012 and it is being procured presently, at the rate of Rs 22 lac & around.
- b) The 10 G International Bandwidth price obtained through bidding process among various empanelled bidders during last four years, at which BSNL procures International Bandwidth are as below :-

SN	Year / Items procured by BSNL	2017	2016	2014	2013
1	10 G - IPLC nature from Mumbai/ Chennai to USA TA	85.77 lac	93.23 Lac	-	2.43 Cr
2	10 G - IPLC nature to from Mumbai/ Chennai to USA TP	83.37 Lac	90.62 Lac	1.54 Cr	2.35 Cr
3	10 G - IP Port in India at Chennai/ Mumbai	84.97 Lac	91.56 Lac	1.55 Cr	2.5 Cr

It is pertinent to mention here that the above annual rates, obtained through bidding among empanelled bidders, at which BSNL procures the International Bandwidth consist of following components:-

- i. Cost of IP Port at USA/ Europe
- ii. Cost of IPLC nature bandwidth on submarine cable from USA/Europe to India
- iii. AFC and CLC charges at both end i.e USA/Europe and at India
- iv. Delivery at BSNL POP
- v. Commissioning, O&M 24X7 of the procured bandwidth
- vi. Profit margin of vendor

- iv) Further, BSNL had raised tender to obtain International Bandwidth rate for 10 G at London / America through tender in Feb, 2018. The discovered rates are:-

Price of one 10 G International IP transit port from EIG POP London to Europe (UK) including IP Port termination at designated Tier-1 ISP in Europe (UK) for six months (inclusive of all levies and charges but excluding Goods and Service Tax)	Rs 29,91,719 for six months i.e. Rs 59,83,438 annually
Price of one 10 G IPLC nature International Internet bandwidth from EIG POP London to USA (Trans-Atlantic) including IP Port termination at designated Tier-1 ISP in USA (inclusive of all levies and charges but excluding Goods and Service Tax)	Rs 30,26,250 for six months i.e. Rs 60,52,500 annually

Hence, considering the above, AFC and CLC charges prescribed in the Regulation dtd 21.12.2012 are in line, justified and acceptable. The charges prescribed in the year 2012 can be lowered further considering current trend of price of IPLC internationally.

- v). As per Consultation paper dtd 22.03.2012 (refer Table 2.1, 2.2 and page 23 of CP) issued by TRAI, in the year 2012, there were 27 no. of ILD Licensees but only four ILDO were Owner of Cable Landing Station (OCLS) and in that also only two OCLS namely M/s Tata and M/s Bharti holds more than 80 % CLS and controls about 93% Activated Bandwidth Capacity. Hence, these two OCLS had "Significant Market Power" to influence the bandwidth pricing. Even today also, these two OCLS still hold more

than around 60% of the CLS resources of Submarine Cable landing to India. Since both OCLS are providers of Internet, Broadband and Wireless/Wire line data services and controls the major share of total activated International Bandwidth from India, this AFC & CLC turns out to be a major issue in proliferation of internet and broadband services for other ILDOs/ ISPs not having CLS or limited CLS. Hence, lower AFC and CLC charges would result in cheap broadband and would facilitate the rollout of Digital India initiative.

BSNL comments on two issues of Consultation paper are as below:-

- Q1.** What should be the 'utilization factor' for determination of annual access facilitation charges, annual operation and maintenance charges for capacity provided on IRU basis, and co-location charges in the Schedules appended to "The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-Location Charges Regulations, 2012" dated 21.12.2012 ?

BSNL's response: Utilization Factor

In the Regulation dtd 21.12.2012 on 'International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-location Charges Regulations, 2012,' issued by TRAI, the capacity of DXC was modified to 60 G capacity ensuring availability of all interfaces i.e. STM-1, STM4, STM16 and STM-64 for estimating the AFC at CLS and alternate location in protection mode which is the most ideal case for estimating the AFC and CLC. BSNL completely agrees with the utilization factor of 70% considered by TRAI for estimating the AFC and CLC charges.

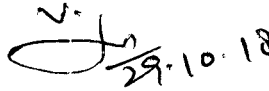
Hence the 'utilization factor' for determination of annual access facilitation charges, annual operation and maintenance charges for capacity provided on IRU basis, and co-location charges in the Schedules appended to "The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-Location Charges Regulations, 2012" dated 21.12.2012 should be 70%.

- Q2.** What should be the 'conversion factor' (refer Para 2.22) for determination of annual access facilitation charges and annual operation and maintenance charges for capacity provided on IRU basis in the Schedules appended to "The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-Location Charges Regulations, 2012" dated 21.12.2012?

BSNL's response: Conversion Factor

At present, the scenario for most of the data transfer is in the form of 10 G stream. So it is recommended to fix the prices for 10 G as the base rate. BSNL agrees with 2.6 as conversion factor for calculating AFC for various capacities in downward direction, that is for 10 G (STM-64) to STM-16, STM-16 to STM-4, STM-4 to STM-1. The same conversion factor of 2.6 is mentioned in the consultation paper as well.

Encl:- as above


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भारत संचार निगम लिमिटेड
(भारत सरकार का उद्यम)
BHARAT SANCHAR NIGAM LTD.
(A Government of India Enterprises)

No. 250/BSNL/1-1/2013-ILD/EIG/

Dated: 24 Nov., 2017

The Additional Secretary (Telecom)
Sanchar Bhawan, Ashoka Road,
New Delhi-110001.

Subject: EIG cable utilization -regarding.

BSNL had participated in EIG (Europe India Gateway) submarine cable during year 2008 by investing an amount of USD 51.59 million. The other members of this submarine consortium are Airtel, Saudi Arabia Telecom, Vodafone, Oman Telecom, Du ,etc. BSNL share was around 7.9% initially.

M/s Airtel is having CLS(Cable Landing Station) for this EIG submarine cable at Mumbai. BSNL has no CLS in India. It was proposed that all partners of EIG consortium would use this CLS access to provide services.

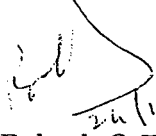
However M/s Airtel is asking for very high rate for providing its access. TRAI had fixed the cable access rate as Rs 19 Lakhs for one year for 10G connectivity as per TRAI Regulation 2012. It was challenged by M/s Bharti at Chennai High Court (single Judge bench). The Honourable court had not agreed with M/s Airtel views during Judgement announced on 11.11 2016. However , M/s Airtel had filed for review petition at Double judge bench at Chennai.

In this regard, it is pertinent to note that BSNL is hiring International Bandwidth from M/s Airtel at Mumbai @ Rs 84.67 Lakhs for 10G annually i.e. this charge includes International Bandwidth hiring at London /Marsalis/Europe/USA, Transporting to Mumbai, cable landing station charges at Mumbai and terrestrial link charges up to BSNL handing over point. But M/s Airtel is asking for Rs 1.6 Crores for cable access charge at CLS Mumbai for EIG connectivity, which is about double of total annual charges for 10G Bandwidth being hired from M/s Airtel.

BSNL representatives had attended Management Committee meeting of EIG at London from 07-09 November, 2017. The point was raised forcefully but no conclusive action could be initiated. Even though other members from Vodafone, Soudi Telecom, Oman Telecom etc. supported BSNL view point, but it was not linked to any future cable updates, so as to bring M/s Airtel to follow TRAI Guidelines. It was also proposed by members that a second CLS may be constructed by BSNL to overcome this issue. However other members had intimated informally that since

M/s Airtel is the party 100% consensus would not be reached which is necessary if other members need to construct second own CLS at Mumbai to avoid M/s Airtel issue.

It is requested to instruct M/s Airtel to charge the cable access at the TRAI fixed prices and get this issue resolved.


26/11/2017
(Rakesh C. Tiwari)
PGM(ILD)



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