COAI Response to the TRAI Consultation Paper on "Ease of Doing Business in Telecom and Broadcasting Sector"

Preamble:

We thank the Authority for providing us the opportunity to provide the comments on the TRAI Consultation Paper on "Ease of Doing Business in Telecom and Broadcasting Sector".

1. The telecom sector has played a stellar role in keeping the economy connected during the time of pandemic. The Telecom Sector has met the challenges posed by the pandemic such as huge surge in data consumption owing to work from home, online education, virtual meetings, online consultation with doctors etc.. The sector has thus kept the nation connected over its digital backbone.

2. The sector has remained "mission-critical" to keep economies moving by providing business-critical connectivity and resiliency in taking forward the digital India vision of the Honourable Prime Minister. The Government has also lauded the contribution of the telecom industry and has approved major reforms in the telecom sector by introducing a number of much-needed structural and procedural reforms.

3. With the advent of new technologies and business processes and due to measures taken by the Government through various economic reforms such as Make in India, Smart City Mission, Skill India Mission, Ease of Doing Business (EoDB) has become critical aspect for telecom sector for achieving the goals defined by the Government. Thus there is a need to review current practices in telecom sector for simplifying various processes and compliances to enhance efficiency in the sector.

4. **Reduction in Regulatory Levies: Prioritize utilization of the current funds available in USO fund**, i.e., INR590.82 billion[1], for enhancing the mobile connectivity to the uncovered villages and fiberization of the Gram Panchayats under the BharatNet Project. The current **License Fee is very high and the same must be brought down to 1%** at the earliest and should be charged only to cover the administrative expenses.

5. **Cost Benefit Analysis**: Before coming out with any Regulation or Order, there is need for the Government/Regulator to undertake a comprehensive cost benefit analysis keeping in mind the current issues facing the sector which include financial health of the sector, competition in the sector, need for introducing new regime, need and objective of regulatory policy changes, etc., before actually making any licensing and policy recommendations or decisions.

6. **Adoption of Digital mode**: As stated above, due to the ongoing COVID-19 pandemic, there is a drastic shift towards the adoption of digital modes, both by the businesses and the people at large. **In light of the adoption of various digital tools, some of the regulatory and compliance requirements have become redundant and need a review.**

7. **Multiple Audits**: The TSPs are subjected to multiple audits which are mandated by different statutes. These **additional audits lead to wastage of resources** and result in duplication of efforts by both the TSPs and the Auditors. Only those policies/ controls

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[1] http://usof.gov.in/usof-cms/usof-fund-status-table.jsp

may be audited at LSA levels which are managed at LSA level. This would reduce the duplicity of effort both for DoT officials and TSPs without compromising the audit scope.

8. <u>**Approval timelines**</u>: **The approval/ certification process needs to clearly define the timelines for processing of applications**. The grant of registration/ license / approvals from various DoT units and other authorities for running smooth business operations should have a reduced lead time. There should also be a provision of deemed approval, in case the timelines are not met.

9. <u>**Right of Ways (RoW)**</u>: The Right of Way (RoW) Rules were announced in 2016 to simplify the process of deployment of underground (optical fiber) and over-ground (mobile towers) infrastructure in India and also to streamline the RoW related charges across the States/ UTs & Central agencies. However, some implementation challenges have prevented their uniform application across the country. The policy should be implemented in true spirit by all the States, Central and the local agencies. **All the States, Central and local agencies should adopt the policy in alignment to the RoW rules of 2016 issued by DoT**.

10. <u>**Lawful Interception Demo:**</u> This should be conducted centrally for a TSP and LI clearance should be granted for all circles based on the compliance of the central demo.

<u>Our issue wise response is as follows</u>:

Q2. Whether the present system of licenses/permissions/registrations mentioned in para no. 3.81 or any other permissions granted by DoT, requires improvement in any respect from the point of view of Ease of Doing Business (EoDB)? If yes, what steps are required to be taken in terms of:

   a. Simple, online and well-defined processes

   b. Simple application format with a need to review of archaic fields, information, and online submission of documents if any

   c. Precise and well-documented timelines along with the possibility of deemed approval

   d. Well-defined and time bound query system in place

   e. Seamless integration and approvals across various ministries/departments with the end-to-end online system

   f. Procedure, timelines and online system of notice/appeal for rejection/cancellation of license/permission/registration

Give your suggestions with justification for each license/permission/ registration separately with detailed reasons along with examples of best practices if any.

COAI Response:

Our response is as follows:

1. **Various Licenses**- The existing process of granting license/registrations is fine. No further changes required.

2. **Permission for CLS and laying and repair of submarine cables** – Different ministries like Ministry of Communications, Ministry of Home Affairs and Ministry of Defense are

involved in granting permission to the TSPs regarding regular operations and maintenance of the submarine cables and restoration of submarine cable cuts. As a result it takes a lot of time to get the desired permissions which have a direct impact on the business continuity of the TSPs as critical internet connectivity can be impacted. **Detailed views on this issue are given in response to Q 5 and 6**.

3. **Allocation of numbering** – The current criteria for allocating numbering resources for both wireless and wireline services is very stringent and cumbersome process, involving physical audit and certification by DoT LSA units This process is a regular approval process and should be simplified by making it online basis self-certification by TSPs. Further the threshold limits should also be relaxed considerably, especially for wireline services to meet proliferation goals. Time has come to introduce an automated, online mechanism to apply and allocate numbering resources (Fixed-Line, Mobile, M2M and any other) using a simple, efficient number management system software within a time bound manner.

4. **Rollout obligations**

a. For every consecutive Spectrum auction held, all the TSPs have to revalidate the MRO certificate over and over again even based on additional spectrum acquisition also. This requirement should be done away with.

b. Self-certified submission should be relied upon to assess compliance.

c. The system of MRO compliance needs to be made online, the system should be automated to manage the entire system of MRO including timely receipts of certificates.

d. The list concerning updated count of towns/ DHQs/ BHQs/ Rural SDCAs should be provided by DoT along with NIA.

5. **EMF compliance self-certification through Tarang Sanchar portal**: There is current requirement of submission of self-certificates of all the BTS present in the country on a triennial basis. **Requirement for these EMF self-certificates should be done away with** given that entire data is present on Tarang Sanchar and the information is up to date. For submitting these self-certificates, the information is fetch from the portal itself. There is no need for this additional effort when ready information is already available in the portal.

6. **Security conditions, including remote access permissions, maintaining command logs, software upgrade intimation requirements** – Currently prior approval needs to be taken from the DoT for the security conditions including remote access permissions. We suggest, there should not be a prior approval for such permissions and these can be based on self-certification by TSPs.

7. **Addition/Modification of any new service in the existing license** - The existing process of addition/modification of any new service in the existing license is fine. No further changes required.

8. **Action for non-compliance/breach of terms and conditions of license** –

a. The current licensing framework has prescribed the penalty in case of any non-compliance at a maximum of Rs. 50 Crore without getting into the proportionality and genesis of such non-compliance and its possible ramifications.

b. It is important to assess the severity of the incident before imposition of financial penalty. Any concerns or issues that arise in this regard should be examined on merits and imposition of any financial penalty should be considered only when it is clearly established without doubt that there is willful conduct for the purpose of non-compliance on the part of the licensee.

c. TRAI in its Recommendations on 'Inputs for Formulation of National Telecom Policy-2018 dated February 2, 2018 had recommended the review of penalty provisions in the licenses to ensure that these provisions are commensurate with the level of violation or shortcomings. As per TRAI, for categorizing a violation as minor or major, the guiding principles shall be:

    i. Whether the violation is committed deliberately or inadvertently;

    ii. Whether the violation is committed as repeated violations;

    iii. Whether the licensee is prompt in taking corrective action;

    iv. The amount of loss to the exchequer;

    v. What kind of benefits were derived by licensee due to the violation;

    vi. Whether the violation was restricted to a single service area or was committed across a larger number of service areas;

    vii. Whether the violation / breach carried out in its network by a third party beyond the control of the operator;

    viii. Whether the violation has an impact on the end-user(s) and /or other licensee(s) business.

d. Further, it was also submitted that the following violations be always be categorised as major violations;

    i. Violation resulting in threat to the security of nation,

    ii. Violation resulting in heavy revenue losses to the Government.

    iii. Willful and illegal conduct of the Licensee outside the framework of terms and Conditions of the Licence.

e. It is also pertinent to mention here that TRAI in its recommendations on 'Ease of Doing Business' dated 30th November 2017 had made the following recommendations to DoT based on the type/nature of violation – minor and major and the number of occurrences of the violation:

Number of Times	Minor Violation	Major Violation
1st	1 Lakh	50 Lakh
2nd	5 Lakh	2.5 Crores
3rd	25 Lakh	5 Crores
4th	25 Lakh	10 Crores

Subsequent Violations	25 Lakh	Liable for cancellation of Licence

It may be noted that various licenses given by DoT have much lower penalties like ISP, VSAT, Resale of ISPs, etc. have maximum penalty of Rs. 1 crore. Thus, the penalty for Access services also needs to be reduced.

In case of Access Service providers, the penalty for an instance of non-compliance across the service areas should be levied for a single service area only as all the mobile service providers have Pan-India operations wherein they have centralized most of their operations including network infrastructure. Therefore, we believe it is incorrect to levy penalty in multiple service areas for effectively a single instance of non-compliance as it is equivalent to penalizing 22 times for a single shortcoming.

Recommendation:

i. **The maximum penalty amount should be reduced to maximum 1 Crore considering that such penalty amount is still enough to penalize any entity.**

ii. **In case of Access Service providers, penalty for a non-compliance (common across service areas) should be levied in only one service area.**

f. The DoT also in the Policy roadmap document, i.e., the NDCP-2018 also has a provision to review the penalty provisions to ensure proportionality and reasonableness.

g. Thus, basis the above, there is a need to review and streamline the process and implement the recommendations of TRAI as well as the above-stated objective of NDCP. This will reduce the litigations in the sector and boost the confidence of the investors in the sector.

h. It is also important to establish a suitable appellate process at the DoT Headquarters, to independently review the imposition of penalties, hear licensees and independently review and conclude on the matter. Such an approach will not only ensure a uniform and consistent approach across all LSAs, but will also be in consonance with the maker-checker principle.

9. **Surrender of spectrum**- This is already being discussed in the separate Consultation Paper of TRAI on "Auction of Spectrum in frequency bands identified for IMT/5G". TRAI may consider the comments submitted by us in response to this said CP.

10. **Surrender of license** - The existing process of surrender of license is fine. No further changes required.

11. **Release of Bank Guarantees**- Once the network rollout is over, the Performance Bank Guarantees which are submitted by the TSPs against the rollout, are not returned to the TSPs in a timely manner, resulting in the cash flow related issues for the TSPs. **We request that a Turn Around Time (TAT) must be notified for return of the PBGs once the Rollout obligations are fulfilled/completed.**

12. **Security Audits conducted by TERM Cells:**

Presently the **TERM cell of each LSA conducts annual security audits** of the licensee with Security Conditions as per license T&Cs. Each circle audit covers the complete list of security conditions, irrespective of whether a particular compliance is managed by a licensee at central or circle level.

Since TSPs now have most of their operations centralised including network and security management. The DoT too has recognized the centralization (in operations of TSPs) in its license amendment and allowed access service licensees to install networks and switch anywhere within India.

The security processes that are managed centrally (i.e., over 90% of the total processes) should be audited at a central level while the TERM cells can audit the rest, such as physical assets at the circle level. This will ensure security audit related compliances by DoT, while doing away with the duplication of effort at the DoT and TSP end. **This process will bring** efficiency and effectiveness

13. **Annual License Inspection:**

Each TERM cell conducts an annual inspection of the various licenses (Access, ISP, NLD/ILD) at circle level. The objective of these annual inspections is to assess the compliance of the licensee on the basis of filled inspection forms and data provided. In effect, DoT and TSPs have to provide the same information to all TERM cells for their respective license inspections twice over.

We believe that similar to security audits, the license inspections (Access, ISP, NLD/ILD etc.) should be conducted at central level as most of the processes are being managed by TSPs at the central level.

We also suggest that data should be required to be provided only in online mode for these inspections.

14. **Software Updates:**

Clause 39.9 in the UL requires all major software updates conducted in the network to be informed within 15 days, to the licensor. This condition in the UL creates huge operational challenges for the TSPs, since they have to regularly update software to optimize the functioning of various network elements like RAN, Core, MSC/IMS, IN.

The licensing conditions already put the onus of ensuring security of the networks on the TSPs and hence it is their responsibility to ensure that any update on the existing software doesn't impact the functionality of the elements in the existing live network. Therefore, we believe that **the requirement of informing the licensor about software updates be done away with.**

15. **Requirement of LI testing**

Under UL conditions (condition 7), a licensee has to conduct demonstration for Lawful Interception facility in each LSA to obtain clearance from the licensor. As today all the TSPs have Pan-India services/ systems/functions installed across all the circles. But the demonstration of Lawful Interception in every circle creates duplicity in the efforts of Security Agencies, DoT and TSPs.

Recommendation:

LI demonstration should be conducted centrally for a TSP rather than circle-wise. Additionally, the compliance of the system should be based on the LI requirement (as demonstrated in the central demo) with the LI clearance being issued for all circles.

16. **Requirement of intimating location of ISP Nodes:**

Under the ISP License, a licensee has to report location details of ISP nodes or Point of Presence on quarterly basis to the licensor and in case new nodes are to be installed, a one-month prior notice should be given to the licensor.

As TSPs have seen huge rise in internet traffic due to consumption of video, and a growing user base – to meet the growing demand, the licensees have to constantly upgrade their networks by adding new nodes and it makes it practically impossible to give a one-month prior notice to the licensor.

Accordingly, this requirement to submit quarterly reports of ISP Nodes/PoPs and monthly advance notices for the installation of new nodes should be removed instead **requirement of updating the licensor about the ISP nodes be fulfilled through the annual license inspection.**

17. **Remote Access Permissions:**

The licensees are required to take prior permission from DoT before giving remote access of their network to locations outside India. However, the need for remote access (to locations outside India) arises only in distress situations wherein emergency support is required from experts to troubleshoot network faults which are beyond the expertise of the local personnel.

Considering the above dynamic factors, licensees should only be required to inform the licensor about a new foreign location for Remote Access (instead of taking prior approval). We believe that it will still meet the security requirements as TSPs will be storing the complete access logs of remote access activity. **In order to address any concern of RA in any hostile country, the licensor can share an annual updated list of whitelisted countries / locations with TSPs confidentially.**

18. **FDI compliances:**

The clause 1.2 of the Unified License requires TSPs to submit FDI compliance on a bi-annual basis. This requires submission of shareholding pattern and paid up capital information along with compliances for various security conditions for each license holding.

Considering even listed companies take a significant amount of time to prepare such shareholding certificates and paid up capital certifications, TSPs, should be given adequate time (minimum 30 working days) to submit these compliances and should have to do so only once a year. Furthermore, **the requirement of submitting FDI compliance should be changed to an annual basis to reduce the compliance burden on TSPs.**

19. **Time-Bound approach on MW allocations**

As per Clause 8.4 of the **Unified License Guidelines**,

"…*the resources, coverage test certificates issued to existing licenses as a part of compliances to rollout obligations, extant permissions for deployments of foreign nationals and the service authorizations already granted to existing licenses whose licenses have expired or expiring in future, except the spectrum won in auctions, will be re-assigned/revalidated to the respective authorisations under new unified license for that service areas unless any specific situations requires a review. This shall be subject to realization of charges/fees for each resource as applicable in conformity with the extant guidelines/ instructions*"

"*Resources shall mean MCC, MNC, Access codes, SPC, LRN, Telemarketers numbers and frequency of microwave backhaul, VSAT clearances from NOCC, Frequencies for satellite-based service, SACFA clearances and other administratively assigned frequencies.*"

While at the time of renewal of the telecom license, the above resources are automatically transferred/re-assigned to the new License, upon expiry of their existing license, in order to maintain business continuity, a similar approach is not followed/adhered to for the microwave backhaul allocations. For revalidation of MWA carriers, TSPs have to approach the WPC again and revalidate their MW carriers. Such requests remain pending with the WPC for many months.

Meanwhile, RLOs have indicated to TSPs that a **reassignment/revalidation of microwave carriers from WPC is required for the import** of MW equipment and until that is obtained **the import license** for the microwave radios will remain temporarily on hold. This not only causes distress in terms of **arranging replacements for faulty equipment in the TSPs' existing network, it also severely affects the network expansion in various circles.**

This requirement exists despite the fact that the revalidation/reassignment of MWA carriers is merely an administrative exercise once the TSPs have fulfilled the requisite compliance.

Recommendation:

Upon renewal of a license, WPC should automatically re-assign the MW backhaul spectrum as per the Unified License requirement in line with the automatic re-assignment of other resources.

Q3. What are the issues being faced in the existing processes of granting registration to IP-I providers? Identify and suggest measures to address the same.

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Q4. What measures should be taken to promote small and medium telecom infrastructure providers with ownership of the network created by them for maintaining the quality of services?

COAI Response:

The existing process of granting registration to IP-I providers is fine. No further changes required.

Q5. Please provide your response with suggestions to improve the present system of operations and maintenance of the undersea cable network in respect of:

a. **What procedure should be followed to facilitate O&M agencies for smooth operations and maintenance of undersea cables/cable networks and restoration of faults within a definite timeline?**

b. **What additional support is needed in terms of import and export of equipment, measurement tools and accessories etc., vessel conversion and various other clearances for expediting repair and operations of submarine cables by ship/vessel at cable landing station within Indian maritime zones?**

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Q6. Please suggest changes needed to simplify the following clearance/ permit procedures by various Government Authorities:

a. **In-transit permits**

b. **Pre-repair permits**

c. **Post-repair permits**

Provide your suggestions for each activity separately.

COAI Response:

1. The Submarine cable is a very critical infrastructure for the Indian Operators and is the primary carrier of the telecommunications traffic internationally. The industry is extremely dependent on it, as almost 98% of the international internet/ data and other voice traffic is carried over the submarine cables. Any downtime due to a fault in any of the submarine cables pose a huge risk in terms of a communication failure with the outside world; wherein millions of users will be affected due to bandwidth capacity crunch and will also experience a severe deterioration in the quality of services. Therefore, timely maintenance and repair of these submarine cables is very essential not only for the service providers but also in view of all those users who are connected to the world for their personal/ business needs.

2. **Repair and maintenance of submarine cables is a highly sophisticated job and requires technical expertise**. Special cable repair equipment fitted vessels are required for undertaking such repairs.

3. **However, such resources are currently not available in India.** As a result, the Indian operators managing the submarine cable networks are dependent on foreign entities (foreign cable repair & maintenance ships) for undertaking such activities. As both ship/ vessel and its crew are from outside the country, the Service Providers and Cable maintenance agencies are required to procure multiple permits prior to carrying out repair and maintenance work on the submarine cables within the Indian maritime zones.

4. In most South East Asian countries, permits are obtained within 1 - 3 weeks' time and the same should be the case in India.

5. Few cable faults have happened recently which need urgent repair and rectification. Due to the faults in the submarine cables; we are already dealing with a huge capacity crunch and has affected the overall international traffic carrying bandwidth of the Operators in India. **In the eventuality of further faults in any of the other operational West bound or East bound submarine cables will severely impact the international traffic & services; and will virtually cut off the nation from the other parts of the world.** Such a failure will have a cascading impact on the Digital economic activities and thereby on the national economy as well.

6. For regular operations and maintenance of the submarine cables and restoration of submarine cable cuts TSPs are required to seek permission from DoT, who in turn seeks permission from the Ministry of Home Affairs (MoHA) & Ministry of Defense (MoD) so that the foreign cable ships & their crew are allowed to enter and carry out the repairs of submarine cables in the Indian territorial waters. **As different ministries are involved, it takes a lot of time to get the desired permissions which have a direct impact on the business continuity of the TSPs.** Moreover, the processes are such that there are no fixed timelines for getting these approvals. This adds to the lead time for undertaking repairs on the submarine cables and is often detrimental to the Internet/IPLC traffic restoration.

a. **Approvals sought by TSPs can be enabled on Saral Sanchar portal. Ideally, a single window clearance should be instituted for applying for permits.**

b. **Timelines should be prescribed and if no objection/ approval are received within the stipulated timeline, then the application should be deemed approved.**

7. Further, COAI requests the Department of Revenue, Ministry of Finance to clarify:

a. That any vessel brought into India for cable laying and/or cable repair operations undertaken **beyond 12 nautical miles (Nm) does not constitute "import into India" for home consumption.**

b. There is **no need for filing bill of entry or paying duty on the vessel or on the goods consumed on board of the vessel or on goods used for such operations**, provided the cable laying or repair operations are undertaken beyond 12 nautical miles.

c. Existence of an exemption notification does not make such imports as "imports into India" and making them liable to duty or comply with the requirement of filing bill of entry etc.

d. **Vessel/ship imported for cable laying/repair within 12 Nm will continue to remain exempted from payment of customs duty (including IGST).**

8. **Other than Naval clearance/ Customs/ONGC clearance at the port, all other permits should be made "pre-permit"** and operators should be allowed to obtain them well in advance for longer durations. Naval and Customs clearance typically takes a week to complete. Therefore, in order to save time, the ONGC clearance being an operational clearance could also be obtained in parallel. At present, it happens only once the Naval and Customs clearance has been completed. Additionally, **ONGC should be advised to give clearance within a week of the date of application.**

9. An **SPL (Specified Period License) has to be obtained from DG shipping.** However, presently there are no Indian flagged vessels available. Therefore, **we suggest waiving the requirement** for this permit until such time as we have an Indian flag vessel available for this work.

10. In addition, there is a big concern related to high cable cut incidents due to fishing activity in the Indian territorial waters. Almost all the cuts in the EEZ zone happen due to such activities. Presently we don't have any coordination with the Fishery department / communities and thus recommend:

a. Guidelines are issued so that a channel for information sharing is established between operators and fishing entities, where-in they are informed about submarine cable routes.

b. **Cable routes are demarked as no fishing zones** and RPLs (Route Position Locator – Coordinates details) can be shared by TSPS for this purpose.

c. Accountability to be fixed in case damage is caused to cables due to the negligence of some entity as the cost and effort for restoration are considerable

11. International traffic being carried by these cables gets impacted if we have delays in operation & maintenance. The tools and machinery including the vessel for a "submarine cable installation and repairs" are of a specific configuration, an exemption in custom formalities is required, more so, because the import and export being a very complex procedure and time consuming.

12. The vessel being very specific and distinctive will always move out of Indian waters once the repair /installation is completed. Therefore, the Indian Customs should waive the requirement of importation of vessel and the customs duty, if any, should only be applicable on the consumed items used for repairs in the Indian waters.

13. **Vessel conversion (from International run to costal run) should not be required** and this requirement should be exempted as the vessel's stay in Indian territorial waters is limited.

14. **Applicability of GST also needs clear exemption**, as no such value added taxes are being imposed in any other country in its territorial/EEZ waters.

    The Indian Customs Department should not extend the Indian territorial water limits from 12 nautical miles to 200. Almost 100% of all cable repairs occur within 150 Kms of the shore end in the EEZ waters. Across the globe, customs are not applicable in EEZ waters. An extension of Indian territorial water limits from 12 nautical miles to 200 nautical miles by the Indian Customs department will therefore be detrimental for all cable repairs.

a. **In-transit permits**

    Since the vessel in question has come into Indian waters for a specific purpose and period, it will leave as soon as its task is completed. It therefore would make sense to **consider the vessel engaged in cable repair operation as a vessel "In-Transit" so that permit requirements can be kept to a minimum.**

b. **Pre-repair permits**

As per the present arrangement, online applications for seeking MoD and MHA permissions are routed through DoT. However, timelines for issuing such permissions haven't been prescribed and operators have no fair estimate as to when such approvals are forthcoming.

The time taken in providing the clearances needs to be aligned with the needs of the industry as the repairs are required to be attended to in the shortest possible time and through a process that also supports quick approvals in case of emergencies.

The entire process should be streamlined and the timelines defined for each stakeholder, so that the applications are processed at their end in a time bound manner. The online portal could also be refined and be made more user friendly, introducing some enabling features that help in reducing the efforts that presently go into submitting these applications. **Some suggestions for simplification:**

i.   This being a routine and on-going event, where each operator has to submit applications periodically, it would speed matters up if **timelines & procedures are shortened and well defined** so that applications were cleared as quickly and efficiently as possible.

ii. **MHA and MoD clearances should be issued as pre-permits for at least 1 year with an auto-renewal facility.** The TSP should only be required to notify and seek approvals for changes that may have occurred thereafter, on an on-going basis.

iii. Though the MoD & MHA application process has moved online since the past year, the portal doesn't support bulk uploading. This makes the entire process time consuming and cumbersome. MHA applications, for instance, require multiple details of each crew member (up to 350 members) to be manually filled in the online forms along with uploading the documents necessary. This entire exercise could be simplified by way of providing a feature on the MHA portal, especially for the TSPs (as the number of applications are quite high), that supports bulk uploading instead of having manual entries.

iv. Similarly, for the MoD portal, a feature is required which supports bulk uploading of Ship and other details/ documents that are required as per the online form. This will help immensely in simplifying the entire application process and do away with the requirement of manual entries.

v.   At the time of submitting applications for renewal, service providers are required to fill in the details all over again for each crew member and the Ships on the respective portals. There is no feature which supports seeking renewals for the already existing permits, where the details could be pre-fetched based on the already available data. This feature could be very useful and will significantly reduce time and efforts while also simplifying the entire renewal process.

c. **Post-repair permits**

Any operator engaged in the repair of their submarine cable has to take an NOC from the ONGC due to the perceived threat of damage to their installations. Post repair,

ONGC should give the clearance within a fixed timeframe. At present, the entire process is open-ended and no timelines are fixed.

A process may also be defined where the Operator could report the completion of the work to the Naval and Customs departments for their records.

Q7. Please provide your response with proper justification to improve the present system of EMF radiation compliance in terms of:

a. Relevance of EMF radiation audit and its impact for quick roll out of the network

b. Measures to safeguard public interest and building confidence in public against propaganda of hazardous EMF radiations in field

c. Issues being faced in the existing processes related to the self- certification, audit and penalty scheme of EMF radiation compliance process on Tarang Sanchar portal.

COAI Response:

1. **Self-Certification**:

a. As stated in response to the Question 2 we reiterate that, **EMF Self-certificates should be done away with. Self-certification is a way of declaration which can be made generic and anyways in case of any non-compliance the penalty shall be imposed**. This would at-least reduces the burden of operators in filing self-certificate of each & every BTS, looking at technical parameters which are painstakingly difficult.

b. There is current requirement of submission of self-certificates of all the BTS present in the country on a triennial basis. Requirement for these EMF self-certificates should be done away with given that entire data is present on Tarang Sanchar and the information is up to date. For submitting these self-certificates, the information is fetched from the portal itself. **There is no need for this additional effort when ready information is already available in the portal.**

2. **Audits:**

a. **At present up to 10% of total BTS are tested by DoT annually**. The instructions to test 10% were issued in 2010, when there were far lesser BTSs. However, with substantial increase in BTSs count over the years, industry had discussed with DoT to revise the 10% testing count to under 5%, since it would still result in testing of substantial BTS count for audit purposes and would reduce unnecessary burden on field related audits Also, considering the exponential increment in the number of BTSs due to 5G deployment, the count of sites would again increase, hence **the sample percentage should be reduced to <5%.**

b. Increase in number of BTS and likely requirements of add-on infra for 5G services, **the inspection quantum to be restricted to 1% of Sites per annum.**

c. We also submit that there is a need to do away with testing fees of sites charged by DoT for conducting these audits. It is not fair that the TSPs have to pay fees to get their own sites audited.

3. **Site Upgrade Scenario:**

a. As per the TEC TSTP on EMF Self-Certification of June 2018, in case of upgradation, only the upgrading TSP should submit self-certificate incorporating details of all constituent base stations on that shared site. However, all TSPs shall submit a separate duly digitally signed self-certificate, in the form of consolidated monthly summary report (to be submitted by 10th day of the following month), for all the upgrades/additions on shared sites done by other TSPs, for each LSA. It will be deemed to be a self- certificate for all technical and legal purposes.

b. This was done to avoid duplication of submission of same certificate with same data by all the TSPs present on the site. The intent was to keep the LSAs updated regarding the site upgrade information so as to ensure compliance and also maintain ease of doing business

c. However, the same condition has been removed in the TSTP issued by TEC in August 2021. As per the new TSTP, each TSP has to submit the self-certificate in case of upgrade carried out by a TSP on the site. This will again be duplicity of efforts as all the certificates will carry the same information. Though the information will be created online, however, duplicity to the level of 5-6 (depending on the BTS present on the site) will only lead to consumption of unnecessary space online thus increasing carbon footprint.

d. TSP upgrading a site or installing a new BTS, carries out all the necessary validation for the overall radiation level at the site and ensures that the EMF exposure is within specified limits as prescribed by the DoT from time to time and submits the Self-certificate to the respective TERM Cell within the stipulated period of 15 days from the date of upgrade/first radiation. Additionally, the entire process of self-certification is currently being processed online through the National EMF Portal: Tarang Sanchar wherein the TSP updates the portal with the new database for any upgrade or addition of new BTS and generates an updated self-certificate for its submission. This ensures that the updated data is available to the LSA units at all times.

e. The existing practice of submission of self-certificates by all sharing operators separately, for an upgrade, serves no additional benefit since with the advent of the EMF Portal, the portal itself takes care of the reporting requirements to TERM Cells. Thus, this requirement of submission of upgrade certificate by each TSP present on the site should be done away with and the mechanism adopted in the TEC TSTP of June 2018 should be reverted to.

4. **Penalties: Penalties not be levied on technical grounds** but only for cases of exceeding prescribed thresholds (for EMF). There are various technical parameters which do not affect the EMF limits. **No penalty should be levied on such parameters as correction of these is an administrative effort and these in no way affect EMF limits**.

5. **Measures to Safeguard Public Interest:** Some of the measures that can be taken to safeguard the public interest and build confidence in public against the propaganda of hazardous EMF radiations in the field are as follows:

a. The recording of the video message of Chairman of TRAI, Secretary of DoT and Minister of Communications to help mitigate public concerns regarding EMF exposure due to the

telecom equipment installed on mobile towers. This video message should be used widely across India under various EMF Exposure Awareness Activities/Initiatives like Webinars, Podcasts, and circulation on various Social Media Platforms.

b. Organise EMF Awareness Webinars/Seminars/Workshops for the representatives of RWA, IT Department, local municipalities, Police Department, and General Public.

c. Give advertisements in the leading regional dailies/on radio/TV Shows/ OOH media across India to create awareness and debunk the prevailing EMF myths

d. Organize informative TV/Radio shows to create EMF awareness

e. Regular news in the media to debunk the prevailing EMF myths

f. Informative/Educative Nukkad Natak at Panchayat level to create awareness

g. Distribute Informative/Educative leaflets/pamphlets to create awareness

Q8. What mechanism do you think should be followed in DoT to facilitate investors in exploring possibilities of business opportunities in the field of telecom? Provide your comments with justifications. Also, provide best international practices and adoption of new technologies for various processes and suggested process flow that could be adopted for further facilitating ease of doing business in India.

COAI Response:

1. In the recent reforms announced by the government, **100 per cent FDI permitted under automatic route to encourage investment in Telecom sector.**

2. It is desirable that the license amendment should be followed up with issuance of suitable operating guidelines, for abundant clarity and ease of compliance with the above provisions. The operating guidelines should also cover following:

a. Include an explicit list of countries which are considered to share a land border with India.

b. Whether the term 'entity of a country' is determined basis the location of the office or the ownership of the investment or both.

c. Threshold for consideration of 'beneficial ownership'

We request TRAI to make suitable recommendations to DoT in this regard.

3. **Simplified processes and steps should be clearly mapped on an online dashboard that should be made available on the DoT website for all investors** anywhere in the world, should they choose to take a look and make an informed decision to invest in India, including in the region(s).

4. The website and its sections should be simple to navigate, to gather necessary information from and to apply for any service / license/ authorization including the major obligations categories, if any.

5. For India to become a center for telecom equipment manufacturing, there are certain issues that need to be tackled realistically with the intention to make their goals translate to a pragmatic and actionable roadmap. The government may look at holistically

promoting the overall manufacturing ecosystem within the country which can be plugged into the global supply chain. No country is self-dependent in all aspects of manufacturing value chain, and thus takes time to develop the value supply chain that can act as a smart enabler to the nation's need. **Steps required for these are**:

a. **Develop specialized telecom clusters while addressing infrastructural, fiscal and legal issues, including labour laws**

b. **Incentives should be provided for exports**

c. **IP protection and infrastructure should be strengthened**

d. **Initiatives providing seed funds**

e. **Need for Commercial financing options**

6. If India wants to be self-reliant, it needs to see an **increase in R&D investment, industry academia- government partnership, better quality doctoral education, and incentives to entrepreneurs for start-ups in telecom equipment manufacturing**. Government needs to adopt a comprehensive strategy for cluster development, including infrastructural, fiscal and legal initiatives.

7. **Cost-benefit analysis:** Before coming out with any Regulation or Order, there is need for the Government/Regulator to undertake a comprehensive cost benefit analysis keeping in mind the current issues facing the sector which include financial health of the sector, competition in the sector, need for introducing new regime, need and objective of regulatory policy changes, etc., before actually making any licensing and policy recommendations or decisions.

Q9. Whether the present system of licenses/clearances/certificates mentioned in para no. 3.94 or any other permissions granted by WPC, requires improvement in any respect from the point of view of Ease of Doing Business (EoDB)? If yes, what steps are required to be taken in terms of:

a. **Simple, online and well-defined processes**

b. **Simple application format with a need to review of archaic fields, information, and online submission of documents if any**

c. **Precise and well-documented timelines along with the possibility of deemed approval**

d. **Well-defined and time bound query system in place**

e. **Seamless integration and approvals across various ministries/departments with the end-to-end online system**

f. **Procedure, timelines and online system of notice/appeal for rejection/cancellation of license/clearance/certificate**

Give your suggestions with justification for each license/ clearance/certificate separately with detailed reasons along with examples of best practices if any.

COAI Response:

1. **Microwave Allocation**

   a. There is significant delay in allocation of microwave carriers to TSPs despite fulfilling all requirements of DoT policy of 2015.Various applications of TSPs are pending.

   b. While TSPs have acquired access spectrum through auction and trading to meet the increasing voice and data usage demand, additional microwave spectrum has not been allocated in the last few years. This is despite the fact that ample amount of microwave spectrum is available with the Government, which has further enhanced consequent to the reduction of operators since 2015. Non-allocation of microwave has resulted in backhaul capacity constraint, which is a critical component in expanding the network and offering enhanced QoS.

   c. DoT is already aware that TRAI in its Recommendations dated August 29, 2014, has recommended up to 10 MW carriers in Metro/Cat-A circles, up to 9 MW carriers in Cat-B circles and up to 8 MW carriers in Cat-C circles to be allotted to mobile operators depending on the quantum of their access spectrum holding. However, DoT's continuation with the interim policy has created an artificial scarcity of MW spectrum in the Industry despite it being available in sufficient quantities, which we believe is not in the interest of stakeholders' and Government's vision of "Digital India".

   d. TRAI also in its recent recommendations on 'Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed' dated August 31, 2021 has stated that there are unassigned Microwave Access (MWA) carriers lying with DoT, which needs to be assigned to the TSPs for strengthening their backhaul and has recommended the following:

      "In order to overcome the capacity constraints in the backhaul connectivity of cellular networks, radio spectrum used for backhauling purpose should be assigned to service providers on demand and in time bound manner."

   e. It is thus important that these unutilized carriers are given to the TSPs on priority to strengthen the backhaul of mobile networks and enhance mobile broadband speed for the customers. This in turn will increase the revenue to the Government.

   f. There is also a need to review the existing microwave policy for 13/18/21 GHz bands, wherein more carriers can be given to TSPs apart from giving wider spots of 56 MHz/ 112 MHz of spectrum to the TSPs. The Government may also like to initiate the exercise of harmonization of the existing microwave spectrum link.

2. **WPC Import License:**

   a. Presently, the TSPs need to apply and obtain prior WPC Import Licences for import of any active telecom equipment in the country. TSPs have been experiencing difficulty in obtaining timely import license from the RLOs. Requests for import license have been delayed or declined under some pretext or the other regularly.

   b. Import License from RLO/WPC wing of DoT should not be required to be obtained at all by an Operator allocated valid frequency and granted license under section(4) of the Indian Telegraph Act.

   c. To ensure traceability, only a prior intimation to the Licensor/DoT of details of the

equipment to be imported may be provided

d. A list of all imported equipment may get submitted on yearly basis to WPC.

3. **WPC, ETA, license approvals for running smooth business operations should have a reduced lead time**. Well defined timelines for approval of application at each stage should be made available to the applicant at the time of submission and subsequent updates. Deemed approval should be adopted as a principle once the application processing exceeds the defined time lines.

4. **WPC portal should be integrated with the ICE gate portal** which will facilitate customs authorities to validate the license online during shipment assessment which is a part of customs clearance.

5. **Dealer Possession License**

a. Dealer Possession License (DPL) is renewed every calendar year. This renewal requires the DPL holder to submit the stock register for the complete year along with the renewal application, which was not a challenge until the introduction of 'Simplification of WPC import license for domestic OEM' vide office memo 'R11018/06/2019-PP' dated 27th July 2019 where DPL holder is permitted to import via undertaking instead of import license for each shipment. Under existing DPL rules, the manufacturer is responsible to ensure that all equipment is sold/ supplied to customers who possess authorized spectrum allocation letters from DoT. The valid frequency letter/ other relevant information must come formally from the customer/ operator. OEM does not have access to such authorized frequency letters issued to operators.

b. The requirement of the stock register for:

    i. **DPL(Dealer Possession License) renewal should be on a five year basis.**

    ii. **DPL data will be provided on a yearly basis starting from 1st Dec of the previous year till 30th Nov of the current year instead of from 1st Jan till 31st Dec of the current year or,**

    iii. **Provisional DPL should be issued (maybe with 45 days validity) post submission of initial renewal application** before the expiry of license with stock register from 1st Jan till 30th Nov (period of 5 years).

    iv. DPL holders should be exempted from the experimental license, the non-radiating type required for in-house Demo and testing purposes, especially business locations covered under the license.

c. **Mandatory requirement of attaching a valid frequency letter to DoT when equipment is sold/ supplied to TSPs should be removed**.

6. These measures would enable a faster clearance and hence, much faster roll out by the industry. It would optimize the overall work to be done and would enhance work efficiency in terms of faster approvals at WPC.

7. **Saral Sanchar: SACFA Related**

    A simplified online process through the Saral Sanchar Portal has been made effective recently. We believe that a few other enhancements are also under correction at WPC.

Nevertheless, **the following key areas may still be reviewed holistically and accordingly improvised:**

a. **At present, operators apply for separate SACFA clearance on an existing tower at the same location on the basis of access frequencies** allocated in different frequency bands as well as technology chosen by operators to provide wireless services. **We propose that for a given site location, SACFA should be required to be obtained only once,** since the frequency allocation is in any case provided by WPC. If required if new frequency is added, the same can be intimated as self-certification to WPC.

b. Our understanding was that the SACFA clearance was introduced under the additional antenna category to bridge the gap between frequency assignments and the grant of a Wireless Operating License (WOL). DoT vide Unified License Amendment dated 02.11.2016 has done away with the requirement to obtain WOL against the Access frequencies assigned to TSPs under the Unified License with an authorization of Access services. **After amending the licensing condition regarding WOL as above, the requirement for the SACFA re-application for an already-cleared site under the additional antenna category by TSPs for Access Frequency bands does not hold merit and needs to be relooked at on an immediate basis.**

c. With the proliferation of data services, the requirement of data connectivity demand has increased tremendously. To cope with the growing requirements, telecom service providers are deploying state-of-the-art network using low power micro cell/small cell sites (LPBTs) for providing ubiquitous coverage to those of their subscribers who are using access frequencies assigned to them. These LPBTs operate in licensed access frequency bands and are primarily deployed in existing establishments like residences, institutions, electricity poles, flyovers, foot over bridges, street light poles, advertisement hoardings, etc. with a restricted height for network coverage requirements. LPBTs, i.e., micro cell / small cell deployments seem to cause neither aviation hazards nor interference.

Further, as these micro cell/small cell sites are being deployed in a significant quantum and at various location categories, the SACFA applications and clearances for such sites will be complicated and cumbersome for both service providers and the WPC. This will also hinder the faster rollout of micro cells/small cells which are required for deeper penetration of network, reduction in call drop and improvement in Quality of Services. This needs to be looked into as soon as possible. DoT has also exempted LPBTs, i.e., small cells from EMF testing compliances vide their letter number 800-15/2010-VAS dated 31st March 2016 regarding SAC for EMF Compliance of Low Power Base Transceiver Stations.

In view of the above, we suggest the following changes:

1. **Only one SACFA clearance for a site/tower for multi band / multi technology deployment by a TSP for providing wireless services should be required.**

2. **LPBTs should be made exempt from such requirements.**

3. **The current application fee for SACFA needs to be reviewed** in view of network expansions / 5G roll out / new technologies.

Q11. Whether the present system of permissions/approvals mentioned in para no. 3.107 or any other permissions granted by TEC, requires improvement in any respect from the point of view of Ease of Doing Business (EoDB)? If yes, what steps are required to be taken in terms of:

a. Simple, online and well-defined processes

b. Simple application format with a need to review of archaic fields, information, and online submission of documents if any

c. Precise and well-documented timelines along with the possibility of deemed approval

d. Well-defined and time bound query system in place

e. Seamless integration and approvals across various ministries/ departments with the end-to-end online system

f. Procedure, timelines and online system of notice/appeal for rejection/cancellation of permission/approval

Give your suggestions with justification for each permission/approval separately with detailed reasons along with examples of best practices if any.

COAI Response:

1. The industry supports in-country testing initiative of the Government, however, it needs to be ensured that the testing procedure does not impede the growth of the sector and rollout of services, thus impacting the citizens of the country. Since the beginning, intent of having MTCTE process was to have in country certification of all the telecom equipment without impeding the growth of the sector in the country. Hence, the industry stakeholders were advised to work with TEC and take proactive steps to get the products tested and certified in the country. However, since December 2020, no PON equipment (announced under MTCTE Phase 2 in June 2020) has been certified by TEC hence the imports of all such equipment are held. This is causing huge business disruption and is severely hampering the roll out of necessary Broadband networks across India during this time of the Pandemic.

2. The issue of MTCTE Phase 2 has not been resolved yet and TEC has gone ahead and issued Phase 3 & 4 including high number of products with much stringent timelines. It is to be noted that this has been done without accessing the capabilities of the in-country labs.

3. The MTCTE regulation came into existence in Sept 2017 and later revised time to time. As part of the MTCTE Procedure circular no. TEC/MP/DD/TCP-711/02. Oct18, guidelines provided on test results/reports were as follow:

   a. ILAC Test results/Reports accepted at the time of submission shall not be older than 5 years

   b. CAB Test results/Reports accepted at the time of submission shall not be older than 1 year

4. Latest update in MTCTE Procedure date May'21 TEC 93009:2021 further amplifies the relaxations as follows:

a. ILAC Test results/Reports accepted at the time of submission shall not be older than 5 years

b. CAB Test results/Reports accepted at the time of submission shall not be older than 5 years

c. Released "Guidelines for OEMs/Test labs/CABs regarding MTCTE" Emphasizing the 5 years duration of Test results/reports

5. Considering the above notifications and communications with Authorities, Industry got a clear mandate to move ahead and invested in testing of products for them to be market ready and compliant as per the regime. Testing of products for our members has already been conducted as per below prioritization:

a. Testing has been conducted at CAB certified labs as per availability of requirements

b. Testing has been conducted at ILAC certified labs in India as per availability of requirements

c. Testing has been conducted at ILAC certified global test labs completed at ILAC certified Labs of requirements

6. Circular No. 5-2/2021-TC/TEC/93 has superseded MTCTE Procedure updated 2.1 announced in the month of May'21 and limits the acceptance of reports to 2 years instead of the 5 years published earlier.

7. The above notification shall make huge investment as waste along with Time & efforts in retesting of the products. You would appreciate that pro-active support in product conformance should not result in penalties. As we all know that entire globe is suffering from pandemic for past ~2 years and there have been restricted activities in sphere of life and same holds true for telecommunication and its related functions. **Hence, restricting timeline to 2 years gives minimal scope to utilize the existing investments of our members.**

8. **The number of certified labs available with the capability and availability along with their competent resources for testing is still a challenge considering the technical requirements and volume of products already available in the market.**

9. There are products, where innovation is not happening and they have reached maturity cycle and are in decline phase, though they remain relevant to present network architecture. For all such products, time tested and well accepted by TSPs across the globe, MTCTE should have acceptability of OLD reports as there is no motivation for OEMs to invest in product which is in decline phase. It cannot be expected for a product that is in the market for 4-5 years to conform to the latest revision of standards in the ERs. Products that are going to be introduced newly in the market can be tested as per the latest standards and revision/release levels. **A standard and its latest version cannot be applied retrospectively to a product already introduced in the market long before the new standard comes into effect. TEC may insist on the standards, however, the revision/release of those standards may be relaxed.**

10. This would multi fold increase efforts in retesting including hardware, logistics and other activities and in some cases impact the product strategy lifecycle for OEMs impacting business adversely.

11. **The circular under reference has not extended technical reports for Phase IV products, however timelines have been almost similar to Phase III**. In fact, enforcement timeline is same.

12. The reason to make it as Phase IV technical reports non acceptance will create a void in industry investment in technical testing for products existing in the market to ensure compliance.

13. **For the industry this is detrimental as this means for 36 product types there would be 1000s of equipment's (tested over last 4 years), which need to be retested again to get the required certificate by July 1, 2022, which is an impossible task looking at the quantum of rework (including, reimport of 1000s of devices for retesting, rebooking of labs, reallocation of resources, etc.).**

14. **This will lead to a situation where the labs would not have enough bandwidth to redo all that was done in last many years in less than 9 months.**

15. **TEC should consider existing ILAC reports to be accepted to avoid initial rush of retesting and any avoidable adverse impact on business continuity.**

16. **Given the above situation, our recommendations are**:

a. The entire process application should be online without any requirement of printed hard copies. Option of Digital Signatures should be available.

b. Any new phase of MTCTE scheme should have minimum one-year timeline for implementation after the phase is notified. This will help OEMs to gear up for the certification in multiple areas, arrange the required samples that in many cases need to be imported, do trial testing in the accredited labs to prepare for the requirements, address short comings, seek clarity and give adequate window for supply chain and sales functions.

c. Maintaining the confidentiality of a product before it is launched need to be built within the application system. Applicants should be allowed to choose the date of publication of the Certificate after the due process of scrutiny and grant of the application has been completed. This will prevent leakage of product details to the competition before the official launch of the product/model.

d. Inclusion of High-volume products in any phase of MTCTE scheme needs to be taken keeping in view the capabilities of the Labs.

e. Timelines should be published and known to the applicant for each stage of the application with well-marked SLAs and reasonable timelines. On completion of each stage, the actual date of completion should also be highlighted.

f. **MTCTE certificate approvals** for running smooth business operations **should have a reduced lead time**. The process of MTCTE testing requiring OEM to bring the sample product in India should be simplified.

g. **Cost of testing under MTCTE regime needs to be reduced**.

h. Ensure that there are **no overlaps between MTCTE regime and NSDTS.**

Q12. What measures should be taken to ensure that there is no duplicity in standards or in testing at BIS, WPC, NCCS, and TEC? Which agency is more appropriate for carrying out various testing approvals? Provide your reply with justification.

COAI Response:

1. Measures to be taken to ensure that there is no duplicity in standards or in testing at BIS, WPC, NCCS, TEC etc. Inter-ministerial/departmental dialogue is necessary to ensure that no more than one ministry/department/authority is working on standards or certification on any specific area.

2. For example like Certification of ICT/IT products like Smart Cameras. MeitY/BIS had included Smart Watch as part the existing CRO process through Gazette Notification No S.O. 2742(E) dated 17th August, 2017. The same was again included in the MTCTE scheme.

3. What is required for the authorities is to let existing certification scheme continue for such products which are already under a government scheme. New products and product categories not already undergoing certification within an existing scheme may be put under a new scheme such as the TEC MTCTE scheme. This will avoid EoDB challenges to the industry and help prevent confusion to the end consumer for redressal if required.

4. In a world of convergence where Telecom, IT and media are merging rapidly, all end user consumer products like Smart Watch, Phones should be under the Ministry of Electronics/BIS certification scheme as these products have a heavy dependency on applications, Software, Safety and Security much beyond the hardware and connectivity of the device. All the core telecom nodes and equipment like the Mobile Switching elements, Gateways, Radio and access products which talk directly to the Core switching nodes like Radio Base Stations etc. can be tested and certified by TEC which has got adequate experience and know-how of the intricacies of such telecom and wireless core and radio products and solutions, a knowledge which has been built up over the decades. The expertise and knowledge of a department needs to be factored in while deciding the certification ownership of a Product.

   - Consumer ICT end products- MeitY/BiS
   - Telecom Core nodes and equipment- DoT/TEC

5. The need is to ensure that Fragmentation, duplicity and overlap is avoided for the certification of a single product to ensure EoDB.

Q15. Whether the present system of permissions/registrations mentioned in para no. 5.10 or any other permissions granted by MeitY along with BIS, requires improvement in any respect from the point of view of Ease of Doing Business (EoDB)? If yes, what steps are required to be taken in terms of:

a. Simple, online and well-defined processes

b. Simple application format with a need to review of archaic fields, information, and online submission of documents if any

c. Precise and well-documented timelines along with the possibility of

deemed approval

d. **Well-defined and time bound query system in place**

e. **Seamless integration and approvals across various ministries/ departments with the end-to-end online system**

f. **Procedure, timelines and online system of notice/appeal for rejection/cancellation of permission/registration**

Give your suggestions with justification for each permission / registration separately with detailed reasons along with examples of best practices if any.

COAI Response:

Need for prescribing a predictable and definitive time frame for approvals/clearances – BIS clearances

1. The delay in grant of timely approvals has become a critical issue impacting the ease of doing business. The current process of obtaining prior approval has proved to be time consuming leading to delays , which is a barrier in efficiently operating the business and creating uncertainty.

2. **BIS Approval**

a. The existing certification process under the Compulsory Registration Scheme (CRS) has been operational since 2013 under which certification lead time got reduced to 1 to 5 days from 4 to 6 weeks till the end of 2019, however, for last few months there has been a drastic increase in the BIS certification time leading to delays with no clear Turn Around Time (TAT).

b. When a product under CRS requires certification from BIS, the following steps must be undertaken:

  i. Testing of a product in BIS accredited Indian Lab

  ii. Report submitted to BIS with all documentation

  iii. BIS reviewer scrutinizes the technical test report

  iv. BIS reviewer raises query, if any

  v. BIS reviewer approves the technical report, if response to the query is accepted

  vi. BIS reviewer changes status of the application to "Decision awaited from Granting Officer"

  vii. Granting Officer grants the registration

  viii. BIS certificate of product is available online for download.

c. Manufacturers undertake Steps i and ii. BIS has control on steps iii to viii of which Steps iii-vi, as described above, have been working smoothly. However, delay starts thereafter.

d. The above delays have also impacted the certification of products covered under the CRO. BIS approval delays have started impacted the product new launches, business losses. The delays in granting BIS certification is affecting the Indian consumers' access to products and is significantly impacting the businesses of our member companies.

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Recommendations:

1. The approval / certification process needs to clearly define the timelines for processing of applications including grant of certification also incorporating deemed approvals.

2. Without these much-needed reforms in the times lines, such approvals will remain a major hindrance for ease of doing business.

3. Any change in the online process and tool need to informed well in advance to the stakeholders and applicants.

4. Any maintenance or upgrade in the online portal or existing process should be informed to stakeholders well in advance in the portal.

5. New phases are to be announced only after ensuring that lab infrastructure and accreditation is in place. On the day of notification- FAQs and TRF both should be published. Delay in releasing the TRF means that OEMs cannot start the certification/changeover process

6. Considering the advancements and to reduce timelines, Digital signature may be accepted as an option in addition to physical signatures. This will align with the objectives of Digital India.

7. For change in Management information for an applicant, the process needs to incorporate acceptance of soft copies and online payment instead of the current requirement of submitting Demand Drafts. DoT has already instituted the saral sanchar system. The scope of the same needs to be enhanced to cover this aspect as well.

8. Currently there is no timeline defined for the scrutiny and approval stages. While there is a process for prescribing the requirements to complete an application from industry perspective, there is no defined time frame which is documented from Government perspective. A well-defined timeline for each stage needs to be made available to the applicant in the portal to show the lifecycle of the application from submission to approval including all intermediate steps.

9. If the processing of an application crosses the defined timeline threshold, there need to be a provision of Deemed Approval.

10. Other applications viz. Change of Authorised Indian Representative, Management details need also have well defined timelines. Sometimes it is observed that such changes take 30-45 days. This needs to be reduced to 1 week at the maximum. There should not be any requirement of prior approval in such cases. The industry should be mandated to file any change as information purposes only.

11. The query system needs to have more clarity and information to the applicant. It is observed that similar queries are asked for different products/ factory when the response had already been submitted and accepted. The queries and responses for a particular product/model/factory needs to be synced.

12. Status of an application across departments/ministries should be available to the applicant in the portal with well-defined timelines for each stage.

Q16. What are the issues being faced by various service providers in seeking stable and committed quality power supply connections from power DISCOMS? For statewide operations whether it is feasible to get power supply in time bound manner for various locations from a single-window contact or has to be made region-wise. What measures do you suggest to improve the same?

COAI Response:

1. **Use of EB poles for the deployment of aerial fibre and the Small Cells:** If India is to achieve the goal of US$5 trillion GDP, faster fiberisation is required to empower not only large industrial sectors, but the small ones located in rural India. To facilitate the Fiberisation across the country. TSPs/ IPs through an agreement with the Electricity Distribution Company (DISCOM) should be allowed for the utilization of electric poles for mounting low power BTS/ small cells and the aerial fibre. Further, the charges for using the poles for the deployment of aerial fibre should be nominal. **We suggest that the charges should not be more than INR 100/- annually per pole for Urban areas and INR 50/- per EB Pole annually for Rural areas,**

2. **Support required for the priority Grid supply on Industrial tariffs:** Considering 24x7 operations with 99.95% uptime requirement for Telecom infrastructure; the uninterrupted electricity supply is sine-qua-non – hence **there is a need to make Grid power available to telecom sector at industrial /favorable rates on priority basis**. Country will benefit immensely from supporting the growth of this critical industry which empowers each citizen and all segments of the economy. **Further an exemption from schedule power load shedding be granted to telecom sector.**

   Thus, we suggest that the State Electricity Boards (SEB) to provide the Telecom sector with:

   a. **Uninterrupted power supply at Utility/Industrial rates**

   b. **Electricity connection on priority basis** i.e. within 15 days Timelines

   c. Consolidated Billing and payment with availability of supply hours:

      i. Consolidated electricity bills need to be provided on company's registered email id

      ii. Eliminating physical collection and download of thousands of bills

      iii. **Accept consolidated online payment** to avoid late payment and disconnection

      iv. Electricity availability hours for the period of bill should be provided in bills

3. **Open Access provision for Telecom Tower Sites**: Our member TSPs deploy huge infrastructure of Towers covering length and breadth of country and as a responsible Telcos, continuously try to reduce the carbon footprint, deploy solar and other renewable energy solutions on this critical infrastructure.

   We would like to submit that through electricity reforms ushered in 2003, the Government enacted Open Access (OA), to generate and consume electricity through the use of transmission lines or distribution system or associated facilities, allowing establishment of captive generating plant or CGP) for carrying electricity from the CGP to the destination of use. An important consideration in the OA (Open Access) policies is that the buyer must have a minimum 'Connected Load' typically 1MW. **From a Telecom perspective, since each tower consumes about 3 to 5KW, which is much less than**

1MW, our member TSPs/IPs are unable to make use of renewable sources effectively due to this regulatory bottleneck. Therefore, we request that the **telco's should be allowed to aggregate their electricity demands across number of towers with a minimum 'Connected Load' requirement of 0.25MW for Open Access Policy,** to deploy Renewable Energy (RE) sources.

Q17. Whether the extant mechanism of reporting and filing at the SARAS portal and the offices of Controller of Communication Accounts (CCA) simple and user-friendly? If not, what measures are required to make it simple, transparent, and robust? Justify your comments.

     &

Q18. Whether any issues are being faced by the telecom service providers during declaration and verification of documents for deduction claimed from the Gross Revenue and special audits of revenue? If yes, provide your comments with the reasons thereof.

COAI Response:

SARAS as a portal for compliance was introduced during 2019 with an objective to allow on-line compliance for better administration and management of LF and SUC including that for payment of fees, verification of deduction and assessment of LF & SUC dues.

a. The mechanism of reporting and filing at the SARAS portal and the office of Controller of Communication Accounts are although simple, however it still requires a lot of iterations to make it more user-friendly and ease out the compliance process as was expected before the implementation this on-line module. At present the objective of ease of doing business has not been achieved completely with implementation of SARAS.

b. Similarly, on the issue of compliance, declaration and verification of revenue with Controller (CCA) offices, the entire mechanism of compliance requires a review as it has issues. The review is also required in-light of the new telecom regime starting from 1st Oct'21.

c. The issues with SARAS and CCA offices arise primarily for the inherent complexities of areas covered for the compliance and the processes attached to it. The gets further complicated for involvement of multiple stakeholders spread over different geographies at different point in time.

d. For instance, assessment of LF is dependent on DVR collected from circle by the central office. The response for demand cum SCN(Show Cause Notice) is also required to be submitted in two parts – for DVR to respective circles and for rest to the DoT HQ. Again, finalization of demand shall depend on the response received from CCA office. This leads to a loop getting created in the system.

e. Another example, in the matter of verification of deduction, the activity being akin to an audit, requires lot of judgement to be exercised by the officers carrying out verification. This leads to varied interpretation of the same guideline by the different CCA offices leading to varied results and representation with DoT HQ for intervention. This again creates a loop.

Since these issues are inter-linked, these have been discussed in detail as below:

1. **Reporting and Filling at SARAS**:

a. Even after 2 years of implementation, the system is still evolving. There are lot of basic issues which requires urgent attention e.g. time taken in generation of GAR 6 & GAR 7 and consequent upload of documents in SARAS again. The overall time taken in compliance has actually increased after implementation of SARAS and so is complexities. The issues have been flagged with DoT and we are awaiting resolutions for quite some time now.

b. As the process is not yet streamlined, dual submissions i.e. physical as well as on-line submissions both are continuing leading to an increased work pressure and time. Further, even if these module gets implemented fully, the requirement of physical submission of documents in some cases are not fully done away with, e.g. quarterly compliance of LF and submission of notarized documents.

c. In some case post implementation of SARAS, although there has been ease of payment towards payment of LF & SUC dues, however, the overall time taken towards compliance has increased. The same has further been explained as below:

I. **In the matter of payment of LF & SUC Dues**

a. Previously the LF & SUC payment compliance was a 1 step process wherein all the documents along with payments used to get submitted with respective CCA offices.

b. However, the main issue with this was that since payment was getting done through DD, huge sum of money was unnecessary getting locked in the banking system without giving any benefit to DoT and having a cost on the TSP.

c. Now with introduction of SARAS, although the payment process has eased out (for being on-line directly to Govt. account with RBI) however, additional steps got introduced w.r.t. verification of payment, thereby delaying the complete process of compliance by 1-2 days. Some example as below:

- 1st Payment through SARAS then wait for the generation of GAR 6 (Final receipt of Payment) & GAR 7 (Challan),

- Taking the print out of all documents along with provisional receipt, GAR 6 & GAR 7

- Getting these physical documents notarized and submission with CCAs,

- Finally, submission of acknowledged documents is in the SARAS portal.

II. **In the matter of Verification of Deduction**

a. There are still some basic issues which require a resolution in order to make the SARAS a complete tool:

i. In case of single evidence for multiple transactions there is no provision for General Ledger (GL) extract upload

ii. The document size that can be uploaded in the SARAS is also limited and requires improvement.

iii. Upload of complete set of documents again and again (audited vs unaudited and re-upload of full set again and again) is cumbersome and time consuming.

2. **Reporting and Filing with Controller of communication of accounts including Deduction Verification with CCA and other compliances:**

a. At present, the LF assessment is a two-step process:

   i. CCA offices carrying out verification of deduction from Gross Revenue and send their report, known as Deduction Verification Report ('DVR') to DoT HQ. This report carries the disallowances made by the CCA offices w.r.t the deduction claimed by the operators.

   ii. DoT HQ further carries out re-computation of revenue and takes into cognizance the DVR received from circle. Accordingly, DoT HQ sends a demand cum show cause notice to the operators.

b. **Post receipt of this Demand cum SCN, there are two separate representation required to be filed:**

   • In the matter of DVR, representation is required to be made with respective CCA

   • On assessment of revenue and other issues, representation is required to be made to DoT HQ.

   i. This whole process is not only cumbersome but also time taking, confusing and sometimes leads to disagreements between different stakeholders.

   ii. Further, **as the activities are being carried out by multiple stakeholders, varied interpretation of the same guideline and resultant practices leads to unnecessary debate and resultant disallowances even for the genuine issues.**

   iii. The current decentralized mechanism is also not in sync with the new era of licensing regime starting from 1st Oct'21. For instance, with introduction of ApGR, a reconciliation with Company books is required. It would be relevant to mention that some of the income that accrues to Company but does not accrue to the licenses. Such revenues/gains are thus accounted for in HO books but not circle/license books. The ApGR cannot complete till the time complete reconcilation with Company books are done.

   iv. Therefore, this whole mechanism needs simplification.

3. **Issues w.r.t. Declaration and Verification of Deduction from Gross Revenue**

   There are lot of issues being faced at the ground when it comes to implementation of deduction verification process.

a. **The size of documents submission**

   i. At present thousands of papers are being submitted every quarter with CCA offices towards verification of deduction from Gross Revenue.

   ii. It is submitted that the process of verification has settled over last 4-5 years and it is the time when these processes should move to next level. **Instead of the current 100% verification, a process of sample base deduction verification should be adopted. The approach of Sample base is a scientific approach of audit wherein samples are getting selected based on the audit tools.**

   iii. In case the TSP fails on the sample size, as a rule the sample size may further be

increased. The usual prevailing practice is that for every failed sample, there shall be additional 3 samples. If the auditee fails again, the sample size is further increased to 5 additional sample. In cases where the auditee fails again, 100% verification or special audit gets recommended. The same type of mechanism may also be evaluated in order to avoid the current cumbersome and time taking process.

b. **The approach to deduction verification:**

   i. The verification of deduction is a process akin to an audit wherein sufficiency of the documents submitted gets evaluated for the claim towards deduction. However, at present, the process of document verification is more being treated like an investigation rather than an audit. For instance, challenging the validity of a document or asking to prove that the expense shown in one case is being shown as revenue by the other operator.

   ii. These are despite the fact that of all these documents are being submitted under the signature of the Authorized Signatory. Further, at the end of the year, the details of these submissions is getting certified by the Statutory Auditors of the Company before being submitted to DoT.

4. **Issue of Special Audit:**

a. At the outset it is submitted that **with beginning of this new Telecom era from 1ˢᵗ Oct'21, now these multiple levels of audits of TSP's should be removed**. Thus it must be ensured that these do not become a routine feature.

b. It is suggested that as the name suggest, the Special Audit are special tools which are exercised under exception. This should not be a routine feature. As such it is requested that any attempt to regularize the same should be discouraged.

c. Further, going by the past experiences, the approach of Special Audit and Auditors should be participative and inclusive.

   Therefore, we recommend and **suggest the following steps for ease of doing business in the above context:**

1. In order to resolve issues with SARAS, DoT should have their in-house team of technical expert who should be managing this application end to end. Dependence on NSDL is delaying the successful implementation.

2. In-line with management of Bank Guarantees which has now been centralized, the payment and related administration / management of LF and SUC too should be centralized. This shall also allow the centralized agencies managing BG to effectively manage their work by removing their dependency on the field office to check every time the sufficiency of the BG.

3. The verification of DVR and the **Assessment of License fees and SUC fees should be handled by one and the same office. A centralized mechanism to do so is required** as.

a. It allows effective management of ApGR as all the revenue of the Company might not be pertaining to the Specific License. For example, Dividend income may be arising to the Company for the investment made by it in different Company and does not pertains to any license. Such type of reconciliation can be done at Company level before preparing the AGR statement for the License.

b. It helps better management of Demand cum SCN or the demand as the all the issues would be required to be addressed at one place. This shall reduce the possibility of errors and multiple iterations to the notices and the resultant delay. Thus, these would effectively ease the implementation of the notices and also the timeline to discharge a particular demand notice.

4. The process of verification of deduction has been settled over last 4-5 years and it is the time when this process should move to next level. Instead of the current 100% verification, the audited report submitted for the purpose should be relied upon. In case DoT still wants to verify the correctness of the deduction claim and approach of Audit of Audit may be adopted wherein a process of sample base deduction verification may be adopted.

5. The approach of Sample base is a scientific approach of audit wherein samples are getting selected based on the audit tools. In case the TSP fails on the sample size, as a rule the sample size may further be increased. The usual prevailing practice is that for every failed sample, there shall be additional 3 sample. If the auditee fails again, the sample size is further increased to 5 additional sample. In cases where the auditee fails again, 100% verification or special audit gets recommended. The same type of mechanism may also be evaluated in order to avoid the current cumbersome and time taking process.

6. Alternatively, implementation of concept of Licence Fee deduction at Source (LfDS) in-line with the concept of TDS under the Income Tax laws should be adopted. This shall have the following benefits:

a. Reduce the paper work and thus submission of papers (e.g. submission of bank statement, TDS proof etc.)

b. Prepone the payment of License Fees

c. Ease of deduction verification process

d. Verification of revenue.

7. **Any attempt to regularize the Special Audit of TSPs should be seriously discouraged. These are special tools to be exercised under exceptions and cannot and should not be a routine affair**. The reason for doing so shall be recorded and the TSP should be given a fair and reasonable opportunity to make their submission against the same. The reason for acceptance / rejection of TSP plea should also be recorded and intimated to the TSP. The final outcome of the decision should follow.

8. Further even in-case of Special Audit, the rules of audit should be adhered. Accordingly, while adhering to the Terms of Reference (TOR) given by the DoT, submission of TSP should also be recorded and with it the reason for acceptance / non-acceptance. As per the routine audit practice, a draft report should first be share with the TSP for their final comment. The reason for acceptance / non-acceptance should also be recorded. The Copy of final report should also be given to the TSP by the Auditors.

Q19. What improvements do you suggest in the various extant audit processes conducted by DoT LSAs? How the process of the Customer Acquisition Form (CAF) audit can be further simplified? Provide your comments with justifications.

COAI Response:

1. **Financial Audits-** There are multiple audits conducted by various agencies/departments of the Government apart from the statutory audits required under the Company Act, 2013. Conducting an Audit is a time consuming exercise involving substantial resources. TSPs already have their quarterly and annual audits by the Statutory Auditors as they follow the highest standard in corporate governance. We believe that these audits are sufficient and there should not be duplication of efforts by multiple audits in a given financial Year. The same will help in saving the duplication of efforts, wastage of time, manpower and precious public resources. It is extremely likely that the Audit finding that as a result of one audit will be most likely mirror the findings from the other audits conducted by the other agency.

    In view of the same, we recommend the following:

    a. The **TSPs should not be burdened with any other additional audit such as Special Audit and CAG Audit** since these additional audits lead to wastage of resources and results in duplication of efforts by both the TSPs and the Auditors.

    b. More reliance should be placed on the Audited Annual Financial Statements of the TSPs.

    c. A single audit exercise can be conducted and audit reports can be issued based on the individual specifications of various agencies.

    d. **A centralized assessment and audit should be facilitated for large taxpayer units (LTU)** having a PAN India turnover of more than INR5 billion and presence in more than 12 States/ UTs.

    e. A clarification or instruction should be issued to the authorities to the effect that **state wise Trial Balance are not required to be maintained** as per the law and the same should not be insisted upon in any enquiry/ audit.

    f. **Testing cycle should be reasonable and time-bound.**

2. **Subscriber Verification Audits**

    a. **Submission of data pertaining to subscribers base should be moved from physical mode (CD/Pen Drive/Hard Disk) submission to digital mode** (server to server transmission).

    b. **Standardization of database and other reporting format to be followed by all field Units.**

    c. **Frequency of Special audits should be reduced from monthly to yearly basis.**

    d. **Subscriber Verification audits should only be conducted for incremental subscribers added in that particular month** as this would avoid duplication of effort for both LSA officials and TSPs without compromising the audit scope.

    e. CAF penalty matrix and amount should be reviewed and reduced. Provision of CAF penalty should be removed for circles where the Non Compliance is =<5% of the total audited samples and for audit score of >5% non-compliance penalty can be INR 1000/- per CAF.

    f. DoT to approve/reject LRN Change request on priority in case of a fraudulently ported out number & should be given priority for return of Number.

g. Some additional documents that should form part of audit scope may be accepted:

 i. Udyog Aadhaar/ Udyam Registration certification should be accepted as valid company POI/ POA proof.

 ii. Downloaded e-Aadhaar should be accepted as valid POI/ POA without any conditions of verification through UIDAI (by POS).

 iii. Scope of POA documents should be increased to include Central and State Governments documents on which company address is mentioned and the same can be recognized as company address as done by other sectors like financial institutions, for eg., property ownership deed, TAN Allotment letter, latest property tax or water tax paid receipt/ bill raised in the name of the firm, CST/ VAT/ Service Tax certificate or letter of registration for CST/ VAT/ Service Tax, valid business license, etc.

 iv. Nepal and Bhutan citizens do not require any VISA for India but as per the latest guidelines, TSPs require VISA details while issuing mobile connections. This is a loss of opportunity and may result in various malpractices.

3. **Some additional points that should be considered from the point of view of EoDB:**

a. **The requirement to change SIM for P2P, ownership transfer, COCP to Individual, individual to COCP even with fresh KYC should be done away with.**

b. **Local referee addresses should be made non-mandatory in the case of outstation customers as valid details will be available with the corresponding TSP of referee number.**

c. **Quarterly & Periodic Verification:**

 i. Periodic verification should be exempted as taking B2B connections is more authentic than prepaid and PV is already happening before sim activation.

 ii. As there are changes in the working culture of corporates due to the pandemic with most corporates working from home, operators are struggling to complete verification from corporates. In the wake of the pandemic and various offices being shut-down or partially operating, the process of verification should be exempted.

d. Live photos in the eKYC should eliminated as matching Live Vs. UIDAI image is a tedious task and may not be 100% accurate.

e. API for De-dupe by DOT should be instituted across all operators for better customer experience.

f. Re-activation Process

 i. Numbers outside LSA should be reactivated (PD Recreation process to be simplified), currently there is no process.

 ii. Numbers with change of customer, who is a bonafide user of the connection, or even new customers should be reactivated.

g. Agent addition under an existing retailer should be allowed like in the rest of India. For JK & NESA, every activating retailer has to be police-verified and cannot have agents under him activating under the same PoS code.

h. **Aadhaar and PAN should start being accepted as proof of validity.** We have started Aadhaar Biometric activations from the month of December parallelly with DKYC activations. Still, in NESA, we do not accept Aadhaar as a document while processing DKYC acquisitions. Since in EKYC biometric activation is already done through Aadhaar, we can explore incorporating this in the case of DKYC as well as the PAN card.

i. Every month we submit the **scanned images of the LTD base to all the 3 TERM cells of NESA. This should either be modified or eliminated completely.** This activity takes around a weeks' time as entire numbers need to burned in CDs. This can be simplified if we submit only the incremental numbers activated every month or eliminate the process completely.

j. CLIR process should be simplified. (ADG/DG Intelligence to write to DOT/ TERM Cell directly and DoT can ask the required CAF/Verification to approve.)

k. Verified Digi-locker documents for both individual and corporates should be accepted for DKYC activation process.

l. ATR / Re-verification Window be increased to 7 days instead of 72 Hrs. for Non - Compliant cases in monthly TERM audit.

m. Retrospective Non – Compliance cases of Rectified POS/Agent should not be considered as Non-Compliant.

n. Ad hoc connection verification (MHA) cases should be given in schedule (once in a month) instead of whenever they come up as it is impossible to manage timelines.

o. **End user for Govt entities should be relaxed.**

    i.   Though DOT has relaxed mandatory POI / POA guidelines for defense and army accounts, the same support should be extended to other strategic accounts (Restricted to IT / security sector) on the basis of company risk undertaking.

    ii. Journey needs to be bifurcated into KYC of corporate and information of end user. Company documents, i.e., POE, POA, POI of Authorized signatory can be collected before onboarding. Numbers shall be activated as and when information is received of end user against the number through user themselves.

Q21. TRAI seeks multiple reports through its multiple divisions at predefined frequency intervals. Reports submitted by operators are examined and for non-compliances, show cause notices are issued and financial disincentives are imposed, wherever applicable. Do you think there is a need to improve reporting and compliance system in TRAI? Please elaborate your response with justifications.

   &

Q23. What kind of IT-based reports and compliance submission processes do you suggest in TRAI? Provide your comments.

COAI Response:

1. **Telecom Reporting:**

   a. Presently ~60 Reports are being submitted with the regulator on a monthly/quarterly basis emanating from a whole host of regulations/orders. **However, a lot of these reports can be merged while ensuring that all data required by the TRAI for analysis purpose continues to be available. For example, subscriber base reports can be clubbed to include LSA wise and state wise rural, urban subscribers for all line of businesses like mobile, broadband, landline etc. Hence, TRAI should initiate a full fledge exercise with the TSPs to work on reducing the number of reports by consolidating them. This will help immensely in easing out operational activities.**

   b. **There is a need to realign the Accounting Separation Report (ASR) that was last modified in 2016. Since listed companies are subject to various audits, requirements like special board approvals for ASR should be done away with. TRAI in the last 10 years has not used the ASR for any tariff fixation, telecom pricing, perhaps for regulatory decisions. Hence, this requirement should be done away with.**

2. It is submitted that the financial disincentives should not be used as a tool to penalise the TSPs on occasions where TSPs couldn't comply with the timelines. The Authority would appreciate that the TSPs have been ensuring compliance with various reporting requirements of TRAI apart from compliance to the provisions of the Regulations/Orders/Directions.

3. Moreover, **the timeline to submit various reports should also be reviewed and increased to give a sufficient period for compliance.**

4. **Assessment of Impact of Regulations/Tariff orders/Directions**

   Before issuing any Regulations/tariff orders or directions, the Authority should conduct a detailed Impact assessment and cost-benefit analysis of such framework. This should also be followed by an impact assessment including cost-benefit analysis, every 2 years post issuance of said Regulations or tariff orders or directions.

5. **Assessment of tariff compliance:**

   The assessment and observations by TRAI with respect to compliance of a tariff (reported to the Authority) should have a defined time period (let's say two to four weeks).

6. **Metering and Billing Audit**

   a. Move from 22 licensed service area (LSA) based audit to sample 4 LSA based audit.

   b. The audit should focus on taking incremental tariff plans only.

   c. Sufficient time period of at least 4- 6 months should be provided, for analysing CDRs of period prior to running quarter and providing refunds.

7. **Removal of reports or Change in Frequency:**

   a. We request TRAI to carry out an immediate assessment of all periodic reports and provide ease of compliance to the TSPs by removing redundant reports or else by changing their frequencies to half-yearly if neither there is any compliance

assessment/monitoring nor the information is published. E.g. PoI report, quarterly tariff report, monthly VAS report, traffic data report.

b. Further, TRAI has given relaxation to ISPs (having subscribers less than 10,000 subscribers) by exempting them from reporting requirements as such, similar relaxation should be extended to wireline segments having customers less than 10,000 in an LSA, by exempting them from submitting any report.

8. **Consolidated Regulations/Tariff orders/Directions:**

We request the Authority for publishing consolidated Regulations / Tariff Orders / Directions thereby including their respective amendments as well. Also, in future, any subsequent amendment in such regulatory documents, should also carry consolidated copy of Regulatory framework along with the said amendment.

Q22. Identify those redundant items which require deletions and at the same time the items that need to be included in the reporting and regulatory compliance systems due to the technological advancements. Suggest such changes with due justifications.

COAI Response:

Adoption of digital modes

1. Given the situations emerging from the pandemic, the society at large has adopted digital means for conducting their business. Thus, in order to enhance the government's objective of ease of doing business, there should be an increasing shift towards the adoption of digital modes.

2. Presently, there are several interactive ways vide which information is passed onto the customers through more effective and direct connect via digital mediums like TSPs website and self-care interactive apps etc. Hence, **the requirements of providing paper based information to consumers by TSPs, publishing information about customer care number and general information etc. in newspaper should be done away with.**

3. Currently, a substantial percentage of the retail subscriber base is on smart phone and such customers can access bills through App/ website/ E-bill/M-Bill modes. Trend for new activations also suggests that a significantly high percentage of new post-paid mobile customers are opting for E-bills/M-bills. Enterprise customers have access to an email facility, so E-Bill is a preferred choice for them as well in addition to the fact that subscribers can also download the bill from TSPs mobile application. Hence, **the M-bill and E-bill should be mandated as a default option.**

4. The Metering and Billing Regulations Checklist requires the TSPs to provide the information regarding the plan subscribed by a customer and a few other details, within one week of subscription, through a physical medium. This requirement is complied with by TSPs through Start-up kits and Welcome letters.

5. **TCPR 2012 assumes handing over a physical Start-up kit to all customers, with certain printed information regarding tariff and deactivation for non-usage details along with an abridged consumer charter. This should be done away with.**

6. We wish to highlight that above said requirements (point 4 & 5) to provide paper based information were prescribed by the Authority when the mediums like interactive self-care App to directly connect with the customers 24x7 were not available. However, the situation is completely changed now and repeal of some of these obsolete requirements is necessary.

7. TSPs should be given flexibility for pricing of vouchers and all vouchers should be allowed in all denominations. We would like to submit that the mandate of the colour coding for the Plan Vouchers (PV), Combo Vouchers (CV), Special Tariff Vouchers (STV) and Top-up vouchers have become outdated as the vouchers are now being provided by the TSPs digitally through online mode and hence the paper vouchers and colour coding of paper vouchers have lost their relevance. Hence, **the requirement for colour coding of vouchers should be done away with.**

8. Drive test should be conducted through digital modes. Drive test can only depict outdoor signal strength however digital modes like RF analytical tools can be used to access the experience of a user on different cells and at different locations. Moreover, RF Analytical tools helps in identifying the area wise Call drop distribution, which further helps in prioritization of actions for correcting it

9. Consumer Education Workshops (CEWs) of TRAI should be done via online mode permanently as this will save travel time and hence costs for both TSPs and consumers. Online mode also enables much larger participation.

10. **Redundant Directions:**

a. Direction dated 2nd May 2005 to all Access Providers regarding publication/ advertisement of tariffs for consumer information: This direction should be done away with in view of the TRAI Direction dated 16th January 2012 which supersedes the said direction.

b. Direction dated 12.10.2004: TRAI Direction dated 12.10.2004 mandates tariff reporting within seven days of implementation of a tariff. However, this requirement was revised vide 52nd Amendment to TTO 99 from "seven days" to "seven working days". Hence, the Direction dated 12.10.2004 should be done away since the definition of "reporting Requirement" under the TTO 99 has been revised vide 52nd Amendment to TTO dated 19.09.2012.

c. **Doing away with Direction on Blackout Days:** TRAI should do away with the Direction on reporting blackout days. In today's age where the customer gets bundled offerings of data and voice at fixed price points, there is no relevance to declaring blackout days. **Hence, the directions should be repealed.**

d. **Rationalization of Metering & Bill provisions:** Presently, M&B audit observations need to be verified by the TSP within 15 days and if there are any discrepancies in the billing, a refund needs to take place within 2 months. If the amount is not refunded within 2 months, then an amount equivalent to the amount which could not be refunded is levied as a financial disincentive. The Authority will appreciate that the processing of refund takes time due to operational constraints which at times are beyond the control of the TSPS. **Therefore, we would like to submit that the financial disincentive of an amount equal to the amount which could not be refunded is unfair and should not be levied on the TSPs.**

Q24. Are there any other issues in the present system of licenses/ permissions/registrations granted by MIB/DoT/WPC/NOCC/TEC/DOS/ MeitY/MoP that can be identified as relevant from the perspective of ease of doing business in the telecom and broadcasting sector? If yes, provide a list of those processes and suggest ways for their improvement.

COAI Response:

Below are some recommendations on various issues which also need to be considered by TRAI:

1. **Right of Way (RoW) issues**

   a. **All the States, Central and local agencies should adopt the Right of Way (RoW) Policy in alignment to the RoW rules of 2016 issued by DoT**

   b. Cabinet approval to enforce the Indian Telegraph Right of Way Rules, 2016 on both States and Central agencies

   c. **RoW charges should be rationalized** across government departments and agencies

   d. **Provision of the Right of Way (RoW) permissions in a time-bound manner**

   e. Positioning of telecom infrastructure on government land and building should be the preferred choice

   f. All existing infrastructures should be regularized as per the state telecom policy aligned with RoW Rule within a stipulated period of time

   g. **Deemed approval should be provided by the nodal authority in writing**

   h. State Authorities to ensure that service providers do not face any hurdles in obtaining a No Objection Certificate (NOC) from various local bodies.

   i. **There should be a single agency for providing NOC through a single-window online clearance portal** Various RoW charges should be replaced with a single one-time administrative charge

   j. Deployment of Common Telecom Infrastructure (CTI) should be mandated while constructing all/any new highways, roads, and civil infrastructure along with that of other utilities

   k. There should be a pan India provision to allow TSPs and their partners to lay Fiber using the existing street furniture/ assets such as electric poles, streetlights, bus stops, advertisement hoardings, traffic light poles

   l. **No RoW charges should be levied for covering the remote villages not covered under USO fund**

   m. Common Ducts should be made available by States/ UTs that can be shared with TSPs/ IP-1s on minimum rentals (such agreeable rentals can be prescribed by DoT to be accepted by all states/ UTs)

   n. **24X7 water pipeline** project of local bodies should have readymade ducts

throughout the entire route to **allow the telecom company can lay the fibre in the already available ducts at a very reasonable cost**

o. Provisions for **Safety and Security of Telecom infrastructure should be incorporated in all policies** to stop damage of Telecom Infrastructure during strikes and agitations. An ordinance for penalty clause on such damages should be enacted by Central Government and followed by all states/ UTs

p. **Government needs to provide uniformity in restoration charges**, i.e., the charges levied by the local bodies for the restoration of the public infrastructure such as roads etc. to its original conditions after the fibre is deployed

q. **TSPs should be allowed to carry out restoration work on their own**

r. A '**Dig once' and 'Call before you Dig' policy should be encouraged** as part of State's Policy

s. **Laying of OFC as per National Building Code should be made mandatory** to get construction completion certificate in cluster houses

t. As recommended by NDCP, **the government should roll out a Broadband Readiness Index for states** to attract investments and address RoW challenges

u. **Appointment of nodal officer by State/ local authorities** to ensure no coercive action such as cutting of fiber, demolition of towers by local authorities.

2. **Regulatory Finance issues:**

a. **Prioritize utilization of the current funds available in USO fund**, i.e., INR590.82 billion[2], for enhancing the mobile connectivity to the uncovered villages and fiberization of the Gram Panchayats under the BharatNet Project.

b. The Indian Telecom sector is heavily taxed sector amongst the Asian countries. The Contribution to the USO Fund being made by the Telecom Service Providers is equivalent to 5% of AGR paid on quarterly basis. Considering the investments that are required to be put in by the TSPs as CAPEX for acquiring the 5G Spectrum and for rolling out the 5G services in the country, we believe that this is a high time that the contribution made by the TSPs towards the USOF are abolished or should be brought down to 1 per cent.

c. Currently, the total License Fee (LF) having rate of 8% of AGR is uniformly applicable to all licensees, of which 5% goes to the USO fund and the remaining 3% is levied as License Fee (LF). The current **License Fee is very high and the same must be brought down to 1%** at the earliest and **should be charged only to cover the administrative expenses.**

d. **Payment of License fee, Spectrum Usage Charge and payment for Spectrum acquisitions should be exempted from GST**.

e. Alternatively, **payment of GST under reverse charge mechanism (RCM),** which is required to be paid in cash, **be allowed to be paid from the balance of the Input Tax Credit** (which is estimated to be above INR350 billion).

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[2] http://usof.gov.in/usof-cms/usof-fund-status-table.jsp

f. Due to the imbalance between input and output on GST has led to large credits, amounting to above INR 35,000 Cr. The credit would further increase as the industry is committed towards incurring significant capital expenditure in order to further enhance customer experience and achieve the vision of a digital India. Large amount of Credit is piled up in ITC register which cannot be utilized in near future.

Hence, suitable amendment in GST law may be made and this amount may be refunded or applied to other government liabilities of operators.

g. **TDS under section 194H on trade margins :**

   i. Telecom operators sell prepaid vouchers and talk time to its distributors at discount. There has been continuous litigation on applicability of TDS on trade margin extended to distributors. The tax authorities have been alleging that relationship between the Telecom Operators and distributors is a Principal – Agency relationship (and not a Principal – Principal relationship) and thus, margin of distributors qualifies as 'commission' subject to TDS under section 194H.

   ii. COAI request for issuing clarification that such **trade margin does not fall within the ambit of TDS provisions.**

   iii. However, if the government still wants to pursue this route for tax collection, it should introduce the **TDS rate at 1% instead of the current 5%,** which would be closer to the actual tax liability of distributors as margins earned by the distributors are low and they sustain only on volumes.

   iv. Such an amendment already made in section 194J and TDS at 2% applies in case of payee is engaged in business of operation of call center.

h. On 30th November 2018, government exempted levy of Service tax on 'right of way' when provided by the local authorities. Scope of the Government Notification is required to be suitably amended so as to also include 'appropriate authority' as defined in RoW Rules in addition to the exemption granted to 'local authority', or a fresh notification be issued under Section 11C covering Service tax payable on the services by way of grant of right of way by an 'appropriate authority' with retrospective effect.

i. **Request for a suitable instruction/ exemption specifying that Service tax is not required to be paid on incremental LF and SUC payable in respect of period from 01.04.2016 to 30.06.2017** pursuant to the Hon'ble Supreme Court dated 24th October 2019.

   i. The Telecom Operators as a matter of general practice paid Service tax on LF and SUC paid to DoT and availed full credit of the same. Levy of service tax today on the incremental AGR would be an unjust cost for the sector.

   ii. We request that the relief by way of exemption be granted under Section 11C of STA read with Section 83 of the Finance Act. Similar exemptions from payment of Service tax on various services have been issued by the government in the past including Notification 1/ 2018-Service Tax dated 30 November 2018 where payment of Service tax on 'right of way' charges for period April 2012 to June 2017 was exempted by the Central Government.

iii. **Alternatively, Government may prescribe a time bound simple process to claim cash refund of the Service tax to be paid under the RCM.**

iv. Some of the State Tax Authorities are proposing to deny ITC on telecom equipment including crucial network equipment viz. antenna, base stations, transmitters and other utilities like DG and batteries installed on towers by interpreting that such equipment is to be treated at par with telecom tower. The equipment which is installed on the telecom towers cannot be treated as goods used for construction of telecom towers. They have an identity different and independent from the telecom towers on which they are installed.

v. **Input Tax Credit (ITC) on telecom towers and shelters including equipment viz., antenna, base stations, transmitters and other utilities like DG and batteries should be specifically allowed.** Denial of such credits and that too right from the inception of GST will cast a huge financial burden on this critical sector which is playing a very important role in development of basic infrastructure of providing digital connectivity across the country at very affordable tariffs which are the lowest in the world.

j. **Multiplicity of Compliance, Audits, Investigations and Litigation for Large Pan India service providers.**

i. GST regime necessitates registration, compliance, audits and assessments in all 36 States/ UTs instead of the Centralized registration option available under the erstwhile Service tax regime.

ii. The TSPs have registration in all States and UTs and on an average are filing 800 returns vis a vis 2 returns per year under the pre-GST regime. The compliances has gone up multi-fold as have multiple inquiries by various authorities in the same State (jurisdictional State office, State Intelligence and DGGSTi) and the same issue being examined by multiple States in the country.

iii. **A centralized assessment and audit should be facilitated for large taxpayer units (LTU) having a PAN India turnover of more than INR5 billion and presence in more than 12 States/ UTs.** This would limit this facility to less than 1% of all Corporates. This will ensure ease of doing business with no corresponding loss of revenue to the Government.

k. **There should be standardize procedure for applying refund claims** as different assessment procedures are adopted by authorities across all states.

l. Earlier, EWB portal allowed issuance of e-way bill even for services. Thus, in case of TSP, for transfer of SIM cards, e-way bill was generated under the service code which helped in transportation. **Recently, the portal is not allowing issuance of e-way bill on service codes thereby creating documentation issues for TSPs for movement of SIM cards. The portal should allow issuance of e-way bill under service code to help in transportation of SIM cards.**

m. **A clarification or instruction should be issued to the authorities to the effect that state wise Trial Balance are not required to be maintained** as per the law and the same should not be insisted upon in any enquiry/ audit.

n. **DoT should allow payment of LF dues to be made on 25th March basis the**

estimated revenues for the quarter and without linking it with the dues paid in Q3, i.e., the preceding quarter.

o. As per the terms of the license agreement, the revenue-related details like license fee need to be submitted by the TSPs to DoT and SEBI with adherence to the following timeline:

S.No.	Compliance submitted to	Timelines for reporting revenue related details
1	DoT	i. Within 15 days of end of each quarter.
2	SEBI	i. Within 45 days of the end of the quarter for the first 3 quarters of the financial year
		ii. Within 60 days of the end of the quarter in case of the last quarter of the financial year.

i. The license conditions prescribed by DoT mandate all the TSPs to submit this price sensitive information well in advance of the announcement of the financial results as per the timelines prescribed by SEBI.

ii. This is not only in conflict with the objective of the SEBI Regulations but also defeats its purpose of ensuring the confidentiality of such revenue related details in the interest of the investors till the declaration of the results.

iii. Hence, **Timelines for declaration of revenues to DoT and SEBI should be uniform.**

3. **Miscellaneous:**

a. The procurement and deployment behaviors of infrastructure pipelines such as water, electricity, gas and that of data pipes (fibre) are similar. Synergies in the procurement and roll out of all infrastructures, including fibre, can lead to optimization of time, cost, and resources. Hence, **we suggest to amend the building codes to include fiber along with water, electricity, and gas pipelines that will ensure faster roll out of broadband.**

b. Often the Parliamentary questions are forwarded to circle offices of the licensees. Circle offices then forward the same question to their corporate offices as all the major decisions are taken by the corporate offices of the licensees only. This approach takes a long time to get the response of those Parliamentary questions and sometime the submission of the response also gets delayed. Hence, the **Parliamentary questions should only be forwarded to corporate offices of licensees by DoT to ensure timely and standard responses**.

c. Currently, our member TSPs have received the requirement of Internet Traffic monitoring from multiple agencies e.g. DoT, LEAs, CERT-In, Natgrid etc. whereas an existing Internet Monitoring System by C-DoT is already in place Hence, **we recommend that the provisioning of all monitoring requests shall be undertaken only by one entity which is C- DoT and not by any other government entity.** This will also facilitate the oversight mechanism to have one central entity undertake the monitoring requests.

d. **M2M related issues:**

   i. On 16th May 2018, DoT has issued instructions for implementing the restrictive features for M2M related SIMs which are further relaxed by DoT on 30th May 2019. As per the DoT instructions dated 30th May 2019, below are the relaxations:

- Outgoing/incoming calls shall be allowed to max four numbers.

- Outgoing/incoming SMS shall be allowed to/from predefined set of max four numbers

- Data communications shall be allowed only on max four numbers of predefined Public IP addresses/URL with fied APN or equivalent technology options by Licensee

- These restrictions are not applicable to calls made to emergency numbers like police, fire , ambulance etc.

   ii. Restricting communication only to four Public IP addresses/URLs is proving to be a major challenge in most of the existing M2M Solutions. Many M2M solutions have evolved as a result of partnerships and collaborations between various entities as no single organization is building an end to end solution (IoT/M2M stack) by itself.

   iii. Therefore, given the various use cases which have emerged, there is a requirement of allowing more than four Public IP addresses/URLs for enabling M2M communication.

   iv. Since, the vulnerabilities pertaining to misuse of normal SIM and eSIM are different, we request that different set of requirements be prescribed for normal SIM and eSIM. While the normal SIMs can be removed from the device and can be misused in some other device for P2P communication, eSIM do not suffer from this vulnerability as eSIMs are soldered/integrated in the device itself.

   v. The device, in which eSIMs are integrated, do not have the capability for being used for any other communication, other than for which these are manufactured; thus, there are practically no chances of misuse of eSIMs as these cannot be separated from the device. Therefore, in practical terms there is no requirement of prescribing restrictive features for the eSIM connections. Therefore, there should be no restrictions with respect to data communication/IP Addresses, should be specified for eSIM based connections.

   vi. Thus, to cater to the requirement of various M2M use cases, **a minimum 20 public IP Addresses/URLs should be allowed for M2M Communication in case of normal SIMs. This requirement can be reviewed later as per the developments taking place in M2M ecosystem**. Even by increasing the number of public IP Addresses/URLs to 20, these SIMs will still be in conformity with the principle of ensuring that these cannot be misused. These M2M SIMs will always be used in controlled environment because of communication capability with limited number of

IP Addresses/URLs and there will always be a mechanism to check the record of Telecom Service Providers (TSPs) to find out the destination IP Addresses/URLs which have been whitelisted for the M2M SIMs procured by M2M Service Provider.

e. **Temporary suspension of internet services issues:**

i. Telecom licensees are committed under their license conditions to abide by the Government orders to suspend/ shutdown internet.

ii. Today about 90% of the services are dependent on the internet. These include internet-based services like online payments including recharges for telecom service as most recharges are now digital.

iii. One of the biggest inadvertent fallout of internet shutdown is that people are not able to recharge to ensure continuity of their telecom service. Customers are greatly inconvenienced as they are forced to visit physical stores and further put themselves at grave risk, considering the law and order situations in those areas.

iv. Further, since the onset of COVID there has been several instances where the State Government and Central Government has imposed a lockdown, night curfews, weekend curfews and has put several restrictions on the movement of people and opening of recharge outlets etc. Hence, due to this the customers find it difficult to visit the store for recharge and hence the internet shut down adversely impact the customers as well as the businesses.

v. Since the onset of the pandemic, the entire business ecosystem has shifted to Work-from-Home. Telecom has emerged as a backbone of the economy and has kept the various sectors of the economy connected. In such a scenario the internet shut down hampers businesses and also causes inconvenience to the customers.

vi. To avoid such customer and business inconvenience, we suggest that in case of Internet shutdowns exemptions be made in public interest by allowing the subscribers to recharge their balance through TSPs applications so that the telecom services to the subscribers are not disrupted.

vii. Further, as you are aware, Industry 4.0 is rapidly transforming the way businesses conduct key activities and is a true game changer in every industry. Emerging technologies such as IoT and M2M hold massive potential for development and innovation.

viii. IoT / M2M applications cover critical areas such as manufacturing, telemedicine & healthcare, connected vehicles, home equipment, smart meters etc.. The major inadvertent fallout of internet shutdown is service disruption for IoT and M2M services in all these segments which leads to great inconvenience to the customers as well as to enterprises.

ix. It is for certain that the objective of any internet shutdown order is NOT to adversely impact all these service which have now become an important part of our daily lives.

x. Therefore, the M2M related services should be excluded from the purview of internet shutdown orders issued by any competent authorities. This is also in the

larger public interest as it will allow continuity of critical transactions and will not pose any security threat.

f. **Broadband Readiness Index (BRI)**:

i. We believe that having a BRI for various states of India will lead to a healthy competition amongst states and they will consciously work towards enhancing Ease of Doing Business (EoDB).

ii. In line with the spirit of competitive federalism, the index will encourage states to cross learn and jointly participate in achieving the overall objective of digital inclusion and development in India. The framework will not only facilitate a state to evaluate its relative development but will also allow for better understanding of its strengths and weaknesses that can feed into evidence-based policy making.

iii. The NDCP-2018 has also acknowledged the need for building a robust digital communications infrastructure. The clause 1.1 (h) of NDCP-2018 stated as below:

"Creating a Broadband Readiness Index for States/ UTs to attract investments and address RoW challenges".

iv. Thus we are of the view that Govt./ DoT should release BRI for every state and we further suggest that release of BRI should be an annual feature as the same will go a long way in achieving the objectives of the National Broadband Mission as also in enhancing the Ease of Business in India.

g. **Grant of Class I/II Local Supplier Status - Public Procurement (Preference to Make In India) Order:**

i. This is with reference to the Public Procurement (Preference to Make In India) order No. P-45021/2/2017-PP (BE-II) dated 16 Sep 2020 issued by Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry.

ii. We request TRAI to recommend for granting the **"Deemed Local Supplier" or Class I/II Local Supplier status** to those companies who are consistently manufacturing in India and have also participated in the PLI scheme. We also request you to kindly extend such Class I/II Local Supplier status to the OEMs who are manufacturing in India through their EMS partners. EMS companies are into manufacturing of the OEM products and do not offer such products directly to the end customers. All activities pertaining to presales, sales, installation, commissioning, after sales service, warranty and maintenance etc. including adhering to the various product regulatory compliance requirements including the recent trusted directive are the responsibilities of the OEMs. Hence, we request Class II Local Supplier status be extended to the OEMs who have participated in the PLI scheme.

iii. We believe this is a win-win solution for the entire ecosystem. This will support government organizations including PPP projects to get access to latest technologies, products and solutions manufactured in India and allow various OEMs to supply to government projects and participate in tenders, accelerate Digital India and lead to increase in local manufacturing.

h. **PMA Value addition:**

i. We request the following issues to be considered from the PPP MII (Preference in Public Procurement for Make In India) meeting. Kindly refer to the existing DoT PPP MII Policy. https://dot.gov.in/dot-pmapmi-policy

Existing policy	Change sought
Table – B Main Inputs /stages for manufacture of telecom products & conditions for the inputs to be qualified as Local Content (6) Assembly/Integration/Testing# The upper ceiling limit of Domestic Local Content (LC) for Assembly/ Integration/ Testing in respect of the telecom products listed in Table-C would be 10% of the total product Bill of Material	DoT to increase Local Value Addition calculation on local manufacturing from existing 10% to 16-18% % of the total product Bill of Material. This is a true reflection of the manufacturing cost in India. **Reason:** Telecom network equipment are specialized B2B equipment and are customized to the requirement of the end customer. There is an additional element of testing of each and every manufactured telecom network equipment to ensure that they qualify the stringent requirements to be deployed on the networks. This increases the cost of local manufacturing of telecom network equipment compared to consumer electronics.
Challenges of component ecosystem	
(2) Components (a) Integrated chips (ICs) – Processor, Memory etc. (b) Active components – Transistors, Diodes etc. (c) Passive Components – Resistors, Capacitors, Inductors etc. Manufactured in India	Need to modify in DoT Order, the classification of Components such as Integrated Chips (ICs) including processor, memory to be aligned with component eco-system realities in India. Current Classifications as per DoT Order below states that Components such as Integrated Chips (ICs) have to be manufactured in India to be qualified as Local Content. Challenge – ICs such as Processors, Memory required by OEMs are not being Manufactured in India Proposed Solution – We request DoT to kindly modify the Condition in Table B in DoT Order of 29-Aug-2018 from "Manufactured in India" to "Domestic SMT Assembly and Testing from imported/ indigenously manufactured parts and components".

We are submitting for reference below a **comparison of the DoT Order with MEITY Order for Mobile Phones and Servers** which recognises the issue and has proposed corrected measures accordingly.

MEITY order addresses the challenges in Indian electronics components eco-systems and ensures that Manufacturers in India are not unduly penalized in Preference to Make in India Policy in case the components they need to use are not manufactured locally in India.

Excerpt from DoT Order (Annexure 1)

Table-B

Main Inputs /stages for manufacture of telecom products & conditions for the inputs to be qualified as Local Content

Main Inputs /stages for manufacture of telecom products *	Conditions for the inputs to be qualified as Local Content
(2) Components (a) Integrated chips (ICs) – Processor, Memory etc. (b) Active components – Transistors, Diodes etc. (c) Passive Components – Resistors, Capacitors, Inductors etc.	Manufactured in India
(3) PCBs (a) PCB Fabrication (b) PCB population using components	Manufactured in India

Excerpt from MEITY Order for Mobile Phones (Annexure 2):

(C)   Criteria for BOM to be classified as domestic:

The domestic BOM of Cellular Mobile Phones would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Cellular Mobile Phone	Value addition required for the input to be classified as domestic BOM
1	2
Main PCB*	Domestic assembly and testing from imported/ indigenously manufactured parts and components including Processor and Semiconductor** BOM (i.e the Semiconductor Chips and Modules on Main PCB), and excluding value of bare PCB
Bare PCB	Domestically manufactured from imported/ indigenously manufactured inputs

Excerpt from MEITY Order for Servers (Annexure 3):

(C)   Criteria for BOM to be classified as domestic:

The domestic BOM of Server would be the sum of the cost of main inputs as specified in Column 1 of the following table, provided the inputs individually satisfy the value addition requirement specified in Column 2 of the table:

Main inputs in BOM/stages for manufacture of Server	Value addition required for the input to be classified as domestic BOM
1	2
Server Board/Mother Board/CPU	Domestic assembly and testing from imported/indigenously manufactured parts and components including value of Processor(s)* and excluding bare PCB
Memory	Domestic assembly of imported memory chips on imported/indigenously manufactured bare PCB/Domestic ATMP/fabrication/or combination
Hard Disk Drive/Solid State Storage Drive	Domestic assembly and testing from imported/indigenously manufactured parts and components

(3) PCBs (a) PCB Fabrication (b) PCB population using components Manufactured in India	PCB fabrication of telecom network equipment is of a higher grade (multi-layer) than that of consumer electronics and such PCB fabrication facilities/ suppliers are not available in India. Hence the above request may be considered even for PCB population
(1) Design (a) Hardware design (b) Software Design & Development The maximum Local Content (LC) percentage for Design which can be claimed by a Local manufacturer for the telecom products based on inhouse/in country R&D costs incurred/amortized to create IPR in India are as per Table-C subject to the condition that:	The LC percentage for Design is extremely high at 35-40% for Radios. None of the MNCs who are doing local manufacturing can clear this threshold as their design and IPRs even if designed from Indian development/ R&D centers are owned by their parent/ holding companies. This puts the MNCs at a significant disadvantage. Refer Page 16 of the document. Table C - Maximum ceiling for Design as Local Content out of total LC for Telecom Equipment

(a) The Intellectual Property Right (IPR) resides in India for Hardware Design, (b) The Copyright is in India for the software Design & Development.	
The present calculation methodology of DoT for local value addition doesn't capture the local sourcing of material and services during physical deployment, installation, and commissioning of the equipment by the supplier in the customer's network.	DoT to recognize the local sourcing of Made In India Materials in network rollout. Presently due to evaluation at product level, these costs are not getting captured. In a telecom network rollout project such costs of local sourcing of materials can go up to 15% of the overall project cost. No customer buys individual telecom network products. It is always an end to end project. Telecom network equipment by its very nature are supplied as part of an end to end project. It is very rare for customers to buy off the shelf product to deploy in the network.
Present calculation methodology doesn't capture the local value addition at the Project or aggregate level, and it is an individual product level.	Customers buy end to end solutions through turnkey projects and not individual products. We request DoT to calculate local value addition at the aggregate level of the project to ensure the true capture of all local value addition across the project. This will essential as it is not possible to manufacture 100% of the Bill of Material of the Project in India. Customer's requirement typically covers warranty and AMC for a period of 5-10 years after the expiry of the warranty period. During the project rollout vendors must maintain local spares and inventory warehouses at circle level (telecom circle level) along with local transportation. These costs (appx 10-12% of the overall project cost) while significant are not captured in the local value addition cost while they are provided as integral part of the turn key project.

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