



Emerging Business' Chamber of Commerce

EBCC response on Consultation Paper on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed.

1. What should be the approach for incentivizing the proliferation of fixed-line broadband networks? Should it be indirect incentives in the form of exemption of license fee on revenues earned from fixed-line broadband services, or direct incentives based on an indisputable metric?

Comments:

We believe that the best approach for incentivizing the proliferation of fixed-line broadband networks will be following:

- a. Laying down of necessary infrastructure should be made cost effective, which means making available right of way at affordable prices to all ISPs particularly the small ISPs;
- b. Government Subsidy/loans for ISPs which are laying down their own networks;
- c. Right of Way Prices should be fixed jointly by Central, State and Municipal Authorities and ISPs should be protected from random changes in prices by fixing prices for long term like 99 years.

Direct incentives based on an indisputable metric will not work because:

- a. It is ISP, which need incentivisation as small ISPs are facing survival crisis;
- b. The problem of subscribers of Fixed-Line Broadband Services is quality and interrupted services, not the prices. This fact can be ascertained for call centre data of ISPs that most of the calls and attrition is due to service issues and not pricing.
- c. Incentivisation of ISPs will lead to increased competition, which in turn will automatically lead to improvement in prices and quality.

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- d. Exemption of License Fee on revenues earned from Fixed-Line Broadband Services will help small ISPs and also help Start-up India initiative of Prime Minister Narendra Modi as largest number of Start-ups and SMEs depend on these services for their work.

We reiterate that penetration of wireline broadband in Tier-I, Tier-2 and rural is the need of the hour. Availability of broadband is the basic need to make Digital India dream happen. Only when wireline broadband is available to every one at affordable price e-governance can be achieved. Income tax, Passport and MCA are the best examples of e-governance. If fixed line broadband is available e-education, e-consultation can be achieved. There are not only direct but indirect benefits if fixed line broadband is available everywhere. For example India has shortage of basic schools, through e-education travelling time, cost of building schools, fuel can be saved. To increase the penetration first thing is to create the fiber infrastructure in a time bound manner. For laying fiber permission from local authorities are required. DOT has many times come out with advisory to States to allow service provider to lay fiber network but States and local authority try to mince money by fixing exorbitant prices to allow service provider to lay fiber in order to have short term gain and ignoring long term benefits in terms of industrialisation, employment and overall development of the States.

Service providers should be incentivized to lay fiber network in a time bound manner. Incentive should be linked to length of network laid and number of broadband subscribers. Since it has been observed in past that local authorities charge heavy fee for allowing to lay fiber and state /local authorities not agreeing to the advisory of Central govt, the best way to incentivise can be reduction in GST on network equipment, fiber and reimbursement of fee paid to local authority. Subscriber can be incentivise by giving discount in GST, income tax incentive. License fee should not be levied till we achieve a penetration of 50%. Exemption from License fee alone is not sufficient. The cost of delivering service needs to come down. By exempted license fee, tax

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incentives, there will be indirect benefits to the government in terms of more production of networking equipment, fiber, employment generation etc, which will be good for overall economic health of the Company.

2. If indirect incentives in the form of exemption of license fee on revenues earned from fixed-line broadband services are to be considered then should this license fee exemption be limited to broadband revenue alone or it should be on complete revenue earned from services delivered through fixed-line networks?

Comments: The service provider in order to ensure better financial health of its company explores various revenue models. This includes providing various add on and managed services. If license fee will be imposed on revenue earned from other than fixed broad band, service provide will provide such services in other non-license company. So, it is desirable to keep things simple and straight and charge license fee only on services falling under any license which is subject to license fee. Revenue from earned from exempted services/non licensed services should not be considered for license fee. Licensee fee auditors consisting of Independent professionals (industry veteran and professionals with 10+ years of experience in the sector) to be formed to audit the licensee companies with concept of rotation like GST auditors, Statutory auditors. This will promote entrepreneurship and will support small and medium companies with only ISP license. Second option is to allow ISP companies to transfer non license services to other Company in one year, if independent audit concept fails to achieve the purpose.

3. In case of converged wireless and fixed-line products or converged services delivered using the fixed-line networks, how to unambiguously arrive at the revenue on which license fee exemption could be claimed by the licensees?

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Comments: DOT neither has expertise nor time. Besides, the costs involved in this exercise will exceed the benefits and the data will not be reliable. It is suggested that License fee should be attracted only on that part of revenue which is under any particular license, where license fee is required to be paid. Non licensed services should not be subject to license fee. Licensee fee auditors consisting of Independent professionals (industry veteran and professionals with 10+ years of experience in the sector) to be formed to audit the licensee companies with concept of rotation like GST auditors, Statutory auditors.

4. What should be the time period for license fee exemption? Whether this exemption may be gradually reduced or tapered off with each passing year?

Comments: it should be reviewed every 5 years with a yearly review of the progress.

5. Is there a likelihood of misuse by the licensees through misappropriation of revenues due to the proposed exemption of the License Fee on the revenues earned from fixed-line broadband services? If yes, then how to prevent such misuse? From the revenue assurance perspective, what could be the other areas of concern?

Comments: License fee auditor as suggested in response to query no. 3 to ensure the same.

6. How the system to ascertain revenue from fixed-line broadband services needs to be designed to ensure proper verification of operator's revenue from this stream and secure an effective check on the assessment, collection, and proper allocation and accounting of revenue. Further, what measures are required to be put in place to ensure that revenue earned from the other services is not mixed up with revenues earned from fixed-line broadband services in order to claim higher amount of incentive/exemption.

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Comments: We suggest that exemption from License Fee should be limited to businesses which offer only exempted services like Fixed-Line Broadband Services. The large Companies which have other revenue sources like GSM Services do not need to be incentivised as we suggest a level playing field for small ISPs to enable them to compete with Mobile Operators offering Fixed-Line Broadband Services. This will help pure Fixed Line Broadband Service Provider survive leading to more competition and hence lower prices for ultimate consumers.

7. Is there any indisputable metric possible to provide direct incentive for proliferation of fixed-line broadband networks? What would be that indisputable metric? How to ensure that such direct incentives will not be misused by the licensees?

Comments: We once again suggest to look at our response to Query No.6 and recommend against direct incentivisation as it will not achieve the intended purpose.

8. What are key issues and challenges in getting access to public places and street furniture for installation of small cells? Kindly provide the State/ City wise details.

Comments: One of the biggest challenges making Internet penetrate 100% of rural India is facilitation of laying down of cables/fibres to make fixed line broadband reach everywhere. All services of Internet Service Providers are dependent on underlying Infrastructure and it is imperative for both State and Central Authorities to work together. Currently, it is very costly to lay down infrastructure as State Governments and Municipal Authorities demand prohibitive amounts of money to grants usage rights for laying down cables.

There has been a positive initiative from some governments like Haryana and Delhi by allowing usage of Electricity Poles for rolling our Cables/Fibres. But this initiative has not been able to





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make major changes as the relevant departments are very slow in processing requests may be on account of lack of clarity within their departments and not a priority.

We recommend creation of high power group for making Policies comprising of both Central and State Governments to make rules and ensure necessary department circulars for implementation of those rules.

9. How to permit use of public places and street furniture for the effective rollout of 5G networks? Kindly suggest a uniform, simple, and efficient process which can be used by States/ Local-Bodies for granting access to public places and street furniture for installing small cells. Kindly justify your comments.

Comments: TRAI and DOT are central bodies. State and local authorities in the past has also not acceded to their advisory and nor it is going to happen in future. States thinks that why Centre is dictating? why it doesn't give discount in charges collected from the service provider? why it is trying to impose on us? States are not going to agree so no such process can be in place. Incentivizing the service providers is the only option. States are not ready to implement Law passed by Union then how we can expect this and specially where state govt is under different political dispensation.

10. Which all type of channels of communication should be standardized to establish uniform, transparent, and customer friendly mechanisms for publicizing provisioning of service and registration of demand by Licensees?

Comments: Electronic media and word of mouth.



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11. Whether proliferation of fixed-line broadband services can be better promoted by providing Direct Benefit Transfer (DBT) to subscribers of fixed-line broadband services? **If no, elucidate the reasons.**

Comments: The Answer is an emphatic no.

DBT will not be able to incentivise proliferation of Internet as what is needed is cost effective Internet Services to increase usage and promotion of Internet Service Providers who can make these services reach the consumer living in remotest part of the country. We suggest exploring models like South Korea where Government/local authorities offer their infrastructure to ISPs at nominal costs to make the Fixed Line Broadband Services reach every Citizen of the country.

The target for incentives should be pure ISPs to make it attractive for them to offer subscribers better prices. This can be achieved by giving additional benefits to those ISPs, who cater to small entrepreneurs and Start-ups. Further, there is a need to facilitate those Companies, which are servicing remote parts of the country with low fixed line broadband services connectivity. Subscriber is more interested in quality and speed. Broadband definition to be revised to make it 5mbps or more.

12. If answer to Q11 is affirmative, then:
- Should DBT scheme be made applicable to all or a particular segment of fixed-line broadband subscribers? Kindly justify your comments.
 - If you recommend supporting a particular segment of fixed-line broadband subscribers, how to identify such segment of the subscribers?
 - How to administer this scheme?
 - What should be the amount of DBT for each connection?
 - What should be the period of offer within which individuals need to register their demand with the service providers?

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- f. What should be the maximum duration of subsidy for each eligible fixed-line broadband connection?

Comments: We do not recommend DBT Scheme for Subscribers as it is ISPs who need incentivisation to make the Fixed-Line Broadband Services reach every citizen of country. The subscribers of Fixed-Line Broadband services are people who are literate and very price sensitive and they will chose the ISP with best offer for them. By helping our pure ISPs compete with giants like Reliance, Airtel etc. There is a need to ensure level playing field for small ISPs vis a vis large companies.

13. Any other related issue.

Comments: Government/Municipal Officers and the other Departments Officers need to be made aware about policies. All the policies will not be able to drive change, if not properly implemented. Awareness is key for implementation of such policies.

For Emerging Business of Chamber and Commerce (EBCC)

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June 3, 2021

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