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8th August 2024

Mr. Akhilesh Kumar Trivedi
Advisor (NSL)-II
Telecom Regulatory Authority of India
4th, 5th, 6th and 7th Floor, Tower-F
New Delhi 110029

Ref: Lightstorm's Response to TRAI's Consultation Paper on the Framework for Service Authorisations under the Telecommunications Act, 2023

Dear Sir,

With reference to the Consultation Paper on the Framework for Service Authorisations under the Telecommunications Act, 2023 by Hon'ble Authority, Lightstorm is pleased to provide our comments.

We hope that our comments (as enclosed below) will enable the Hon'ble Authority to form effective policy prescriptions which benefits all interest groups.

Thanking you,

Yours sincerely,

For **Lightstorm Telecom Connectivity Private Limited**

Lalit

Lalit Chowdhary
Chief Technology and Innovation Officer
Email: Lalit.chowdhary@lightstorm.net

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Inputs on behalf of Lightstorm for framing Rules on authorization of Telecommunications Services under The Telecommunications Act, 2023

The current consultation is a noteworthy initiative by the Authority aimed at refining the regulatory procedures for telecommunication service providers in India in the wake of the Telecommunication Act 2023. It delves wholistically in the existing licensing regime, the various challenges present therein seeking commentary on merging, enhancing and introducing new authorisations under the licensing regime reflecting the Act's commitment to fostering an inclusive, secure, and growth-oriented telecommunication sector. This paper is pivotal in shaping a responsive regulatory environment that accommodates the dynamic nature of technological advancements and supports the vision of a developed India.

The current licensing framework has served its intended purpose however, we recommend the following changes to be incorporated to accommodate the evolution of technology, advent of new services and changing customer needs:

- **One license** with pan-India jurisdiction
- **General conditions** pertaining to network security, network integrity, confidentiality of information, data protection, force-majeure etc. These conditions should be clearly demarcated for applicability on various Authorisations, this may be provided in a tabular form as Annexure to General Conditions.
- **Ease of Doing Business (EODB)** - The service launch process should follow a one-time approval and thereafter intimation to Department of Telecommunications (DoT).
    - One time approval from DoT prior to launch of network services should be provided within 30 days and in exceptional case no later than 60 days.
    - Thereafter, any other additional service may be launched by giving 15 days advance intimation to DoT.
- **Infrastructure sharing** - Unrestricted sharing of active and passive infrastructure between licensed Telecom Service Providers. The specific conditions in the part -II of the existing Unified license may be deleted. This will enable faster deployment of services and investment in networks.
- **License Fee** - No levy of double license fee for B2B services for those services availed/provided to other licensed Telecom Service Providers. The anomaly in definition of pass-through charges between the UL and UL(VNO) should be eliminated.
- **Enterprise customers** – The present license conditions are primarily aimed at retail consumers (B2C) the Enterprise customers (B2B) have varying needs and

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service requirement. We recommend that B2B should be recognised as a separate class of customers and different set of relaxed guidelines should be framed.

- **Re-sale of services** – The existing Unified License holders should be permitted to sell/ resell services, these services should be permitted as pass-through charges, thus eliminating their need to obtain additional UL(VNO) license.
- **Telecom revenue** – The existing definition of revenue should be suitably clarified to include only the revenue earned from telecom services which should be included under ApGR. All other revenue should be non-telecom and excluded from levy of license fee.
- **AGR returns** – Single return for pan-India operations encompassing various authorisations should be filed in on-line mode, without the need for Affidavit and stamp-paper, as in practice currently.
- **Penalty** – The graded penalty scheme with independent appellate authority with a maximum penalty as envisaged in The Telecommunications Act 2023 should be extended to existing licensees at the earliest.
- **Renewal** – No entry fee should be levied at the time of license renewal / migration.
- **Migration** – The new Telecom Rules should be on a '*no worse off*' basis, to encourage the existing licensees to migrate to new regime.

Lightstorm's comments on the specific issues for consultation are as below –

Q5. In addition to the service-specific authorisations at service area level, whether there is a need for introducing a unified service authorisation at National level for the provision of end-to-end telecommunication services with pan-India service area under the Telecommunications Act, 2023? Kindly justify your response.

Lightstorm's response:

- As has been noted by the Authority in the consultation paper, pan-India license would enable telecom operators to provide seamless services across the country without the need for separate authorizations for each telecom circle or metro area, leading to a more integrated and efficient national service offering.

- A unified service authorization at the national level would be instrumental in elimination of redundant infrastructure, allowing for better network design and optimization, which has a huge cost savings potential for operators.

- While fostering a more competitive and dynamic telecom market, a pan-India license would also support the objective of '*One Nation - One License*' in alignment with the National Telecom Policy's vision to create a more cohesive and accessible digital infrastructure across India.

- **Lightstorm is aligned with the Authority's view that a unified service authorisation at National level for the provision of end-to-end telecommunication services with pan-India service area should be introduced on priority.**

Q6. In case it is decided to introduce a unified service authorisation at National level for the provision of end-to-end telecommunication services-

(a) What should be the scope of service under such an authorisation?

(b) What terms and conditions (technical, operational, security related, etc.) should be made applicable to such an authorisation?

(c) Would there be a need to retain some of the conditions or obligations to be fulfilled at the telecom circle/ Metro area level for such an authorisation?

(d) Should assignment of terrestrial access and backhaul spectrum be continued at the telecom circle/ Metro area level for such an authorisation?

(e) Any other suggestion to protect the interest of other authorised entities / smaller players upon the introduction of such an authorisation.

Kindly provide a detailed response with justification.

Lightstorm's response:

a.) The scope of service should be Access, Carriage (national/international) and Internet with pan-India jurisdiction.

b.) The terms and condition should cover the following sections: -

- Application processing fee for this unified service authorisation should be nominal.
- The TRAI had earlier recommended a reduction in Digital Bharat Nidhi contribution by 2%, presently there are huge unutilised funds available with the Government. Hence, we recommend that the Digital Bharat Nidhi

contribution should be put on hold till such time the existing funds are fully utilised. The License fee should be brought down from 3% to 1% of AGR.

- Duration of license – the duration of the license should be 20 years
- Renewal – No entry fee should be levied upon renewal of existing license / migration to new regime
- Provision of service – Prior approval from DoT for 1st instance of launch of service namely access, carriage, internet. This approval should be granted within 30 days and in exceptional circumstance no later than 60 days. Subsequently the launch of any other service should be permitted under 15 days advance intimation to DoT, requiring no further approvals.
- License fee – uniform rate of **1%** of telecom revenue
- Definition of Telecom revenue – The revenue generated from telecom activities as per the scope of General Conditions should be accounted towards computation of License Fee. All other revenue from other activities should be considered as non-telecom revenue and excluded from computation of license fee.
- Bank guarantee – The financial bank guarantee should be limited at **1 crore** for a pan-India service. The requirement of performance bank guarantee should be limited to those licenses where roll-out obligation is prescribed. As such there is no roll-out obligation under the NLD, ILD, ISP-A authorisations, hence the same may be removed and guarantees returned.
- Penalty Conditions – Graded penalty scheme with independent Appellate Authority for adjudication as envisaged under The Telecommunication Act 2023 should be provided. This should be made applicable for existing licensees through suitable license amendment.
- Technical Conditions – In this section the details of standards to be followed should be provided.
- Network security Conditions – in this section the standards to be followed for protection of networks from breach should be provided.
- Share of Infrastructure – The sharing of active and passive infrastructure with other licensed Telecom Service Providers subject to technical feasibility on mutually agreed terms and conditions.

c.) A simplified regime under the unified service authorisation will encourage voluntary migration.

d.) Other suggestions – The applicability of General Conditions on various categories of licensees may vary depending on the following conditions: -

- **Network** – whether they are deploying own network (UL) or services (VNO)
- **Nature of services** – whether they are in Access or bandwidth or internet service

- **Customer segment** – whether they are serving retail customers (B2C) or enterprise customers (B2B)

The network, technical, security and customer acquisition and verification conditions should be clearly demarcated on its applicability basis the above three criteria. This demarcation should be in a tabular form and appended to the General Conditions as Appendix. This shall bring predictability in the compliance structure of TSPs and at the same time greater compliance from the DoT / TRAI perspective.

Q7. Within the scope of Internet Service authorisation under the Telecommunications Act, 2023, whether there is a need for including the provision of leased circuits/ Virtual Private Networks within its service area? Kindly provide a detailed response with justifications.

Lightstorm's_response:

The current licensing regime has different financial conditions for ISP and NLD license.

Service	Minimum Equity (Rs. Cr.)	Minimum Net worth (Rs. Cr.)	Entry Fee (Rs. Cr.)	PBG (Rs. Cr.)	FBG (Rs. Cr.)
NLD (National Area)	2.500	2.500	2.500	0.500	1.000
ISP "A" (National Area)	Nil	Nil	0.300	0.400	0.020

While an NLD service provider pays entry fee of 2.5 crores of entry fee and higher FBG, PBG. In comparison the ISP service provider pays 30 lakhs of entry fee only along with a much lower FBG, PBG.

The National Long-Distance operator has invested huge amounts of in buildup of networks to provide leased line services to its customers. Many service providers have procured licenses in the recent past. Hence, any change in the scope of other authorisation which has a negative impact of the business of existing NLD operators shall be detrimental to the financial viability of these licensees. We recommend maintaining the status quo in so far as the scope of service of ISP licensees are concerned.

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Any expansion of scope for ISP in the form of Application layer VPN or spare network capacity shall also impinge on the business viability of NLD operators.

The Authority should therefore abstain from any such enhancement in scope for ISP.

Q8. In case it is decided to enhance the scope of Internet Service authorisation as indicated in the Q7 above, -

(a) What should be terms and conditions (technical, operational, security related, etc.) that should be made applicable on Internet Service authorisation

(b) Any other suggestion to protect the reasonable interests of other authorised entities upon such an enhancement in the scope of service.

Kindly provide a detailed response with justifications.

Lightstorm's response:

Refund 2.5 Crore entry fee to NLD operators - In the eventuality that the Authority recommends the enhancement of the scope of service of the ISP licensees, then the existing UL- NLD licensees should be refunded the entry fee of 2.5 Crores.

Q9. Whether there is need for merging the scopes of the extant National Long Distance (NLD) Service authorization and International Long Distance (ILD) Service authorization into a single authorisation namely Long-Distance Service authorisation under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.

Lightstorm's response:

- The overlap in services provided by NLD and ILD authorizations suggests a consolidation opportunity, with a majority of ILD licensees also holding NLD licenses.
- A unified Long Distance Service authorization is proposed to cover all aspects of long-distance telecommunication, including switched traffic, calling card services, and leased circuits/VPNs.
- This consolidation aims to simplify the regulatory environment, reduce license management complexities, and better align with service providers' operational realities.

- **Lightstorm strongly supports the need to merge scope of the extant National Long Distance (NLD) Service authorization and International Long Distance (ILD) Service authorization into a single authorisation namely Long-Distance Service authorisation under the Telecommunications Act, 2023**
- Simplification and efficiency – The combined authorisation shall bring synergy in network operations, as the international bandwidth is served by the national service provider for domestic leg.
- Domestic sub-marine cable – The authorised entity should be permitted to lay cables in the domestic waters around the coastal region. This shall bring geographical redundancy and reduced latency in domestic data traffic. Similar network is being built under the Africa-1 cable system.
- Lawful interception and monitoring – It may be suitably clarified that point-to-point links do not pass through any centralised gateway, hence not subject to LIM obligations. The same should continue under the merged authorisation, where the point-to-point NLD links shall not be subject to LIM obligations.

Q13. Whether there is a need for merging the scopes of the extant Infrastructure Provider-I (IP-I) and DCIP authorization (as recommended by TRAI) into a single authorisation under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.au

Lightstorm's response:

IP-1 is a registration at present whereas DCIP is envisaged as a separate authorisation under UL. Merging IP-1 into an authorisation would in turn lead to increased compliance obligations detrimental to new players. Hence, we do not recommend merger of registration and authorisation.

Lightstorm believes that passive infrastructure sharing should continue under the existing model as IP-1, however DCIP should not be created. The desired outcome of Active infrastructure sharing is already possible through the routes of UL and UL(VLO) which is how it should continue. This is critical from the point of view of security, compliance and AGR obligations that Licensed entities bear today.

Q18. In view of the provisions of the Telecommunications Act, 2023 and technological/ market developments, -

(a) What changes (additions, deletions, and modifications) are required to be incorporated in the respective scopes of service for each service authorisation with respect to the corresponding authorizations under the extant Unified License?

(b) What changes (additions, deletions, and modifications) are required to be incorporated in the terms and conditions (General, Technical,

Operational, Security, etc.) associated with each service authorisation with respect to the corresponding authorizations under the extant Unified License?

Kindly provide a detailed response with justifications.

Lightstorm's_response:

- **Enterprise segment** – The Department of Telecommunications (DoT) to establish clear distinctions between B2C and B2B services within licensing and authorization frameworks, reflecting the differing operational needs and bargaining dynamics of each sector. The current terms and conditions, designed to safeguard retail consumers with limited negotiating power, are not always relevant to B2B transactions where parties typically possess equal bargaining strength.
- **Infrastructure sharing** - TRAI's recommendations on infrastructure sharing should be accepted on priority, thus allowing unfettered sharing of active and passive infrastructure between TSPs subject to technical feasibility and mutually agreed terms and conditions.
- **Technical personnel for O&M** - As on date all foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the Licensee's network shall be security cleared by the Government of India/MHA prior to their deployment, however to advancement in technology, a TSP may be required to get help from foreign personal in installation. Such an approval may be taken from the Department of Telecom instead of approaching the GoI Ministry of Home Affairs/ MHA directly.
- **LEA office space** – With the integration of IPLC Gateways with Centralized Monitoring Systems (CMS) and Internet Gateways with Internet Monitoring Systems (IMS), the requirement of LEA office space consisting of 20x20 feet room / 10x10 feet room maybe dispensed with.
- **Storage** - The requirement to maintain IPDR/CDR should be limited to 1 year.
- **Enterprise customer verification** – The bonafide check & physical verification of premises inside data centres is challenging due to unmanned locations and high security. Exemption from bonafide check & physical verification requirements for enterprise customers located inside data centres is sought during annual inspection.
- **Sharing of LIM infrastructure** – The TRAI in its Recommendation on infrastructure sharing stated that "Sharing of the Lawful Interception System (LIS) held by a licensee company with other licensee companies may be allowed with the permission of DoT on a case-to-case basis, provided there are no security concerns in such sharing. The same should be extended to IPLC LIM.
- **Re-selling of IPLC, NLD services** – The UL holders should by way of notification, be able to provide services under the scope of UL(VNO), meaning re-selling of

services, with full benefit of pass-through changes paid to other licensed TSPs. Similar condition is available under UL(VNO) but not present under UL

Q36. In case it is decided to introduce a unified service authorisation for the provision of end-to-end telecommunication services with pan-India service area, what should be the: -

(i) Amount of application processing fees
(ii) Amount of entry fees
(iii) Provisions of bank guarantees
(iv) Definitions of GR, ApGR and AGR
(v) Rate of authorisation fee
(vi) Minimum equity and net worth of the Authorised entity

Please support your response with proper justification.

Lightstorm's response:

- Amount of entry fees: **NLD & ILD should be clubbed, and entry fee cost should not be more than INR 1 Lac.** DoT may accept the TRAI recommendation dated September 19th, 2023.
- Provisions of bank guarantees: - **Roll out obligation is not applicable in NLD and ILD authorization as they do not require natural resources. Hence, there is no requirement of Preformation bank guarantee**. DoT may accept the TRAI recommendation dated September 19th, 2023.
- Definitions of GR, ApGR and AGR: - Definition of Revenue from operations other than telecom activity/operation is not provide in the agreement. Non availability of definition may lead the legal issue. DoT can take the definition of telecom activity/operation from TRAI recommendation dated January 06th, 2015.
- Rate of authorisation fee: there are huge unutilised funds available with the Government. Hence, we recommend that the Digital Bharat Nidhi contribution should be put on hold till such time the existing funds are fully utilised. **The License fee should be brought down from 3% to 1% of AGR**.

Q50. In the interest of ease of doing business, is there a need to replace the Affidavit to be submitted with quarterly payment of license fee and spectrum usage charges with a Self-Certificate (with similar content)? Please justify your response.

Lightstorm's response:

To promote the ease of doing business, it is proposed to replace the current requirement of submitting a notarized affidavit on stamp paper with a self-declaration

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as part of the online acknowledgment process. The SARAS portal, which now facilitates the digital filing of license fee and Spectrum usage charges returns, incorporates Aadhaar-based OTP validation as a mandatory step prior to the submission of quarterly and annual Adjusted Gross Revenue (AGR) returns. The adoption of a self-declaration mechanism, authenticated by the licensee through the Aadhaar-enabled OTP system, will expedite the submission process and reduce the time and effort currently expended in obtaining notarized affidavits. This procedural simplification is expected to streamline compliance and reporting obligations, thereby contributing to a more efficient regulatory environment.

Q51. Is there a need to revise/ modify/simplify any of the existing formats of Statement of Revenue Share and License Fee for each license/authorisation (as detailed at Annexure 3.2) In case the answer to the question is yes, please provide the list of items to be included or to be deleted from the formats along with detailed justification for the inclusion/deletion.

Lightstorm's response:

In the interest of streamlining reporting requirements and reducing administrative burdens, it is proposed that only the revenue from Telecom Services should be considered. This consolidation would eliminate the current requirement to segregate revenue based on postpaid and prepaid classifications, thereby simplifying the reporting process and enhancing the efficiency of financial disclosures. The unified revenue disclosure will encompass all revenue streams from the aforementioned services, providing a holistic view of the financial performance without the need for bifurcation by payment method.

Proposed format	
S. No	**Particulars**
1	Revenue from services
A	Revenue from Pure Internet Access Service (Internet Access and content service):
A i	Rentals
A ii	Activation charges
A iii	Service tax
A iv	Service charges
A v	Charges on account of any other value-added services. supplementary services etc.
A vi	Any other income/ miscellaneous receipt from post-paid options.
B	Revenue from Internet Telephony Service:
B i	Rentals
B ii	Activation charges
B iii	Service tax

B iv	Service charges
B v	Charges on account of any other value-added services. supplementary services etc.
B vi	Any other income/ miscellaneous receipt from postpaid options.
C	Revenue from any other value-added service
2	**Income from trading activity (all including of sales tax)**
(i)	Sale of terminal equipment's
(ii)	Sale of accessories etc.
(iii)	Any other income/ miscellaneous receipt from trading activity.
3	**Income from investments**
(i)	Interest income
(ii)	Dividend income
(iii)	Any other miscellaneous receipt from investments.
4	**Non-refundable deposits from subscribers**
5	Revenue from franchisees /resellers including all commissions and discounts etc. excluding the revenues already included in IA&IB
6	Revenue from sharing/ leasing of infrastructure
7	Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc.
8	Revenue from Roaming
i	Roaming facility revenue from own subscribers
ii	Roaming revenue from own subscribers visiting other networks
iii	Roaming commission earned
iv	Roaming revenue on account of visiting subscribers from other networks
v	Service tax if not included above
vi	Any other income/miscellaneous receipt from roaming
9	Revenue from IPTV Services
10	Revenue from other operators on account of provisioning of interconnection
11	**Revenue from operations/Activities other than Telecom Operations/Activities**, as well as revenue from activities under a license from Ministry of Information and Broadcasting
12	Miscellaneous revenue

Q52. In case of a unified service authorisation for the provision of end-to-end telecommunication services with pan-India service area, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.

Lightstorm's response:

AGR submission should be a single quarterly return and a single annual return for Authorized entities. It will help to reduce number of compliances for the licensee and help in faster assessment of licensee fee by the licensor.

Q54. In case of merged extant NLD Service authorization and ILD Service authorization into a single authorization namely Long-Distance Service authorization, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.

Lightstorm's response:

In case of merged license, the current format can be clubbed.

Suggestive format for clubbed license (NLD & ILD)	
S. No.	**Particulars**
1	Revenue from Services:
A	Revenue from Voice Traffic
(i)	Outgoing traffic revenue
(ii)	Incoming traffic revenue
(iii)	Pass thru revenue for usage of other networks
(iv)	Goods & Service tax
(v)	Service charges
(vi)	Charges on account of any other value-added services
(vii)	Any other income
(viii)	Revenue from calling cards
(a)	Revenue from sale of calling cards
(b)	Any other income/ miscellaneous receipt from calling cards
(c)	Goods & Service tax
B	Revenue from provisioning of service (other than Voice Traffic)
i.	Revenue from provisioning of service (other than Voice Traffic) as defined in clause XX of schedule -Xx of the Licence agreement (Clubbed licenses)
ii.	Revenue from supplementary/value added services.
iii.	Any other income/ miscellaneous receipt.
iv.	Goods & Service tax
2	Income from investments.
i.	Interest income
ii.	Dividend income
iii.	Any other miscellaneous receipt from investments.

3	Revenue from other operators on account of pass thru call charges (Operator wise)
4	Revenue from other operators on account of Provisioning of Interconnection (Operator wise)
5	Non-refundable deposits from subscriber/customer
6	Revenue from franchisees
7	Revenue from sale/lease of bandwidth, links, R&G, etc
8	Revenue from sharing/leasing of other infrastructure
9	**Revenue From Operations/Activities other than Telecom Operations/**Activities as well as revenue from activities under a license from Ministry of Information and Broadcasting
10	Miscellaneous revenue.