

# UL VNO CAT-B LICENSEES ASSOCIATION (P)

[WEST]

8/16, Narayan Dhuru Cross Lane, 2<sup>nd</sup> Floor, Mumbai-400 003.

☎: 08169332952 ✉ defamum@gmail.com.

Date: 10.06.2021

To,  
The Secretary (I/C)  
Telecom Regulatory Authority of India,  
New Delhi.

Dear Sir,

We are an Association of UL (VNO) Cat-B Licensee welcome initiative taken by TRAI to create road map to promote broadband connectivity and enhanced broadband speed by issuing supplementary consultation paper dated 19.05.2021.

We provide our comments on the basis of facts as follows:-

**Q1. 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?**

Our answer:-

Yes, indirect incentives in the form of permanent exemption of licensee fee on revenues earn from fixed line broadband service to be extended to UL (VNO) Cat-B Licensee. The following are the challenges faced by our members.

1. High and abnormal capex.
2. High recurring maintenance cost.
3. ROW: All local Municipal Corporations are demanding high charges and an above this charges they also demand rent @ 10% every year.
4. Local Housing Co-operative Societies also ask for rental for providing access to the Society premises. Many of them entered in to Agreement with big service provider and not allowing other service providers like us to entered into their premises. This is monopoly created by Society and big service provider.
5. Low revenue due to competition with NSO and other big service providers.
6. All round Increase in all expenses including electricity usage charges, transport, human recourses, cost of material etc.

**Q2. 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 it be on complete revenue earned from services delivered through fixed-line networks?**

Our answer:-



Yes, it should be complete revenue earned through services delivered through fixed line network.

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Why:

1. Due to competition, all big service providers do not charged for voice and providing it free, **as a cherry on the cake**, in their combo plans.
2. NSO do not provide concessions in any form to UL (VNO) Cat-B Licensees.
3. High cost of capex and opex.
4. No other source of revenue vis-à-vis big service providers has.

**Q3. 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?**

Our answer:-

Yes, It is difficult to unambiguously arrive at revenue on which license fee exemption could be claimed by the Licensees. Therefore we urge you to considered exemption of license fee on complete revenue earned through service delivered vide fixed line networks.

**Q4. What should be the time period for license fee exemption? Whether this exemption may be gradually reduced or tapered off with each passing year?**

Our answer:-

There should not be any time period for License fee exemption and should be continual and permanent basis.

**Q5. 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?**

Our answer:-

It is very much likely hood and several top Government servants have doubts in their mind that there is a likelihood of misuse by the Licenses through misappropriation of revenues due to proposed exception of the license fee on the revenue earned from fixed line broadband services.

We therefore suggest following steps to stop likelihood of misuse by the licensees:-

1. Exempt of license fee on complete revenue earned through services delivered by fixed line network. Therefore there is no likelihood of misuse through misappropriation of revenues.
2. Therefore there is no ambiguity in calculating revenue.
3. Make steps / category wise slab for exemption of license fee.

Sr.No.	Category	Slab
a.	Micro Enterprise registered under UDYAM	0% (Exempt 100% of existing L.F.) *
b.	Small Enterprise registered under UDYAM	2% (Exempt 75% of existing L.F.) *
c.	Medium Enterprise registered under UDYAM	4% (Exempt 50% of existing L.F.) *





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\* All above categories do not use any spectrum and concession provided by Government while providing services.

4. Above suggestions implemented then there is no other area of concern remains.

**Q6. 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.**

Our answer:-

1. If above suggestions implemented then there is no concern survive in the area of viz. verification of operator's revenue and secure an effective check on the assessment, collection and accounting of revenue.
2. There is no effective measure to be put in place to ensure that revenue earned from the other services is not mixed up with revenue earned from fixed line broadband services.
3. Always there will be dispute arise between DoT and Licensee.
4. Therefore crores of revenue will be in judiciary lock and Country will be suffered a huge loss.

**Q7. 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?**

Our answer:-

1. Kindly refer our answers mentioned at Q2 and Q5.
2. There is no indisputable and 100% perfect metric possible to provide direct incentive for proliferation of fixed line broadband network.

**Q8. 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.**

Our answer:-

1. All local Municipal Corporations are demanding high charges for excavation and reinstatement. Also they demand rent @ 10% every year.
2. Local Housing Co-operative Societies also ask for rental for providing access to the Society premises. Many of them entered in to Agreement with big service provider and not allowing other service providers like us. This is monopoly created by Society and service provider.
3. No implementation of Notification G.S.R. 1070 (E) dated 15.11.2016 by the Local Municipal bodies in Maharashtra.
4. Local Corporators does not want that the above Notification may be implement by local municipal bodies due to their wasted interest.



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5. We therefore urge Authority to recommend strong law in this matter so people with wasted interested may not dare to stop implementation of such Notifications.

**Q9. 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.**

Our answer:-

1. Please refer our point no. 4 and 5 of Q8 in this regard.
2. We suggest like CCTV installed in roads, Authority may suggest same way to installing small cells for 5G.
3. Local Municipal bodies may be directed to charged token of Re. 1/- per meter for allowing to use public places and street furniture for installing small cells, splitters and fibers. This should be One Time Cost and no license/renewal/yearly fee may charged by the local municipal bodies.

**Q10. 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?**

Our answer:-

Our members are Micro service providers hence unable to suggest any solution but we feel that licensee should create independent website, mobile apps, SMS and whatsapp to publishing provisioning of service registration on demand etc.

**Q11. 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.**

Our answer:-

1. No, please refer copy of balance sheet of one of our member viz. M/s Kansan Communications Pvt. Ltd. for A.Y. 2018-19, 2019-20 and 2020-21 in which you will observe that since payment of License fee @ 8% on AGR from May.2017 onwards they are suffering from losses which is continued till date along with loss of revenue due to competition with its own NSO. Thus our members survival is difficult day by day and facing certainty of closer.
2. Hence DBT to subscribers of fixed line broadband services is beyond acceptance.
3. First Micro service provider like our members should survive to able to provide good services before providing DBT to the subscribers.

**Q12. If answer to Q11 is affirmative, then:**

- i. Should DBT scheme be made applicable to all or a particular segment of fixed-line broadband subscribers? Kindly justify your comments.





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- ii. If you recommend supporting a particular segment of fixedline broadband subscribers, how to identify such segment of the subscribers?
- iii. How to administer this scheme?
- iv. What should be the amount of DBT for each connection?
- v. What should be the period of offer within which individuals need to register their demand with the service providers?
- vi. What should be the maximum duration of subsidy for each eligible fixed-line broadband connection?

Our answer:-

- i. No. Please refer our comment mentioned at Q10. Point 1, 2 and 3.
- ii. Not applicable
- iii. Not applicable
- iv. Not applicable
- v. Not applicable
- vi. Not applicable

**Q13. Any other related issue.**

Our answer:-

- A. In respect of UL (VNO) Cat-B Licensee
- 1. Our members are Micro SME registered under UDYAM and providing services since 1995 and are micro lever operators having personal connect with each of their subscribers over 25 years.
- 2. Our principle demand is to abolished/ permanently exempt license fee.
- 3. Until Authority issue new recommendations on this subject Authority may direct DoT to keep license fee payment in abeyance whose annual turnover is not more than 5 crores and are UDYAM registered Micro SME.
- 4. Authority may recommend with abolition of license fee, the time for submission of revenue details may be extended to yearly basis instead of quarterly basis.
- 5. Please recall Authority's recommendations dated 17.04.2015.
- 6. TRAI should consider while recommending exemption of License fee on AGR, the poor growth of fixed line subscribers is only 8.93% against 91.07% growth in wireless subscribers and to support fixed line subscribers.
- 7. Man power, money power, easy access to technology of big service providers vis-à-vis UL (VNO) Cat-B Licensee a Micro Enterprise while taking decision whether to strongly recommend permanent exemption of License fee for UL (VNO) Cat-B Licensee.
- 8. Previous two recommendations on same subject issued by TRAI were not accepted by DoT without any valid reasons. Therefore it was waste of time, energy and resources. Therefore we urge Authority to demand reasons for not accepting its recommendations to understand facts and to keep in mind these facts while dealing with same points in future recommendations.
- 9. We urge Authority to save us from closer by recommending permanent exemption from payment of license fee while accepting our above suggestions.



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B: In respect of enhanced broadband speed

1. Create CDN in every big city in every state minimum with 5 data centers to 10 data centers.
2. Create more entities to provide bandwidth to all VNOs, as there are only 3 entities which may create cartel.
3. IP-6 are not supporting existing servers hence very little demand for IP-6.
4. IP-4 pools available with closed telecom companies who are not using it may be taken back and distribute among existing small VNOs.
5. Give top priority and support FTTH network and all connected hardware may be exempt from GST and other Government and semi Government levies to support this initiative.

We always believe in TRAI's fairness, impartiality and judicial views on the subject. Therefore we always expect justice from TRAI. We hope Authority will not let us to shut our doors and make thousands of employees unemployed and along with 150 + Micro Entrepreneurs out of their business which they do for last 26 years.

Thanking you in anticipation,

Yours faithfully,

For UL (VNO) Cat-B Licensee Association (P)



Ashok Kanade

Secretary

Mob. 8169332952

Encl: As Above



# KANSAN COMMUNICATIONS PRIVATE LIMITED

Profit & Loss Account for the year ended March 31st, 2019

Particulars	Notes	As on 31/03/2019	As on 31/03/2018
<b>REVENUE</b>			
Revenue from Operations	16	11,143,476	11,824,089
Other Income	17	1,431,852	1,682,810
		12,575,327	13,506,899
<b>EXPENSES</b>			
Access Service Charges and other Direct Expenses	18	4,180,524	4,786,179
Employee Benefit Expenses	19	3,554,974	4,076,508
Finance Cost	20	232,569	57,272
Depreciation	9	1,674,149	1,524,228
Other Expenses	21	3,368,480	2,670,446
		13,010,696	13,114,633
<b>Profit before Exceptional and Extraordinary Items</b>		- 435,369	392,266
Exceptional Items		-	-
<b>Profit Before Tax</b>		- 435,369	392,266
Tax Expense	22	128,029	111,198
<b>Profit After Tax for the period</b>		(563,398)	281,068
<b>Earnings per Share</b>			
Basic EPS (in Rs.)		- 5.94	2.96
Diluted EPS (in Rs.)		- 5.94	2.96
Face value per Equity Share		10.00	10.00
The accompanying notes are an integral part of the financial statements : Note 1			

As per our Report of Even Date

For MNK & Co.  
Chartered Accountants



Nayan Dedhia  
Partner  
Firm Reg No : 135576W  
Mem. No. : 143099



For KANSAN COMMUNICATIONS PRIVATE LIMITED



Director



Director

Place : Mumbai  
Date : 8 September, 2019

Place : Mumbai  
Date : 8 September, 2019

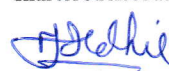
**KANSAN COMMUNICATIONS PRIVATE LIMITED**  
**Profit & Loss Account for the year ended 31st March, 2020**

Particulars	Notes	As on 31/03/2020	As on 31/03/2019
<b>REVENUE</b>			
Revenue from Operations	16	1,03,14,583	1,11,43,476
Other Income	17	19,86,849	14,31,852
		<b>1,23,01,432</b>	<b>1,25,75,327</b>
<b>EXPENSES</b>			
Access Service Charges and other Direct Expenses	18	35,84,932	41,80,524
Employee Benefit Expenses	19	42,44,057	35,54,974
Finance Cost	20	2,20,021	2,32,569
Depreciation	9	14,81,946	16,74,149
Other Expenses	21	38,38,269	33,68,480
		<b>1,33,69,225</b>	<b>1,30,10,696</b>
<b>Profit before Exceptional and Extraordinary Items</b>		<b>(10,67,793)</b>	<b>(4,35,369)</b>
Exceptional Items		0	-
<b>Profit Before Tax</b>		<b>(10,67,793)</b>	<b>(4,35,369)</b>
Tax Expense	22	67,915	1,28,029
<b>Profit After Tax for the period</b>		<b>(11,35,707)</b>	<b>(5,63,398)</b>
<b>Earnings per Share</b>			
Basic EPS (in Rs.)		-11.97	- 5.94
Diluted EPS (in Rs.)		-11.97	- 5.94
Face value per Equity Share		10.00	10.00

The accompanying notes are an integral part of the financial statements : Note 1

As per our Report of Even Date

For M N K & Co.  
Chartered Accountants

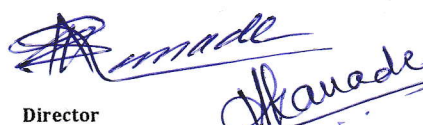


Nayan Dedhia  
Partner  
Firm Reg No : 135576W  
Mem. No. : 143099



Place : Mumbai  
Date : 4th December, 2020

For KANSAN COMMUNICATIONS PRIVATE LIMITED

  
Director



Place : Mumbai  
Date : 4th December, 2020

