

**Aircel Comments to TRAI Consultation Paper on  
Spectrum Usage Charges and Presumptive Adjusted Gross Revenue for  
Internet Service providers and Commercial Very Small Aperture Terminal  
Service Providers**

Aircel is pleased to offer comments to the TRAI Consultation paper on Spectrum Usage Charges and Presumptive Adjusted Gross Revenue for Internet Service providers and Commercial Very Small Aperture Terminal Service Providers and would be happy to explain further, should TRAI desires so.

**Question-wise Comments**

**Question 1: Should the spectrum assignment on location basis/link-by-link basis on administrative basis to ISPs, be continued in the specified bands. If not, please suggest alternate assignment mechanism. Please justify your answer.**

**Aircel Comments:**

The ISPs business banks upon to provide internet connectivity to Enterprise customers including small and medium businesses. Such Enterprise consumers mostly use Internet from a static location and not from a dynamic/mobile location. Hence, we are of the strong view that spectrum assignment to ISPs should continue to be on location as well as administrative basis in the specific bands.

**Question 2: Should minimum presumptive AGR be introduced in ISP license for the purpose of charging SUC? If yes, what should be the value of minimum presumptive AGR and basis for its computation? Please provide justification for your response.**

**Aircel Comments:**

It is pertinent to mention that ISP business requires lot of capital investment in backbone infrastructure readiness, security and licensing compliance readiness as well as last mile extensions; besides initial license fee, PBG and FBG, as applicable; for setting up of business. Minimum presumptive AGR will act as deterrent for ISPs and would also lead to increase in the cost for the customers. Resultantly, the cost of operating businesses for mainly SME segment would increase and might make their businesses unviable, which is not in line with the current vision of the country for Digital India and Broadband for all.

Hence, in our view, there should be no such levy of minimum presumptive AGR in ISP license for purpose of charging SUC.

**Question 3: Is there a need to introduce SUC based on percentage of AGR for ISPs or should the existing formula based spectrum charges continue? Please give justification while suggesting a particular method of charging SUC.**

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**Question 4: If AGR based SUC is introduced, whether the percentage of AGR should be uniform for all ISP licenses or should it be different, based on Revenue /spectrum-holding/any other suitable criteria? Please suggest suitable criteria with reasons.**

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**Question 5: What mechanism should be devised for ISP licensees to identify revenue generated from use of spectrum and revenue generated without use of spectrum? Please give your view on this with justification.**

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**Question 6: In case minimum presumptive AGR is prescribed for the ISP license, what percentage should be applied on minimum presumptive AGR to compute SUC? Please provide justifications for your response.**

#### **Aircel Comments:**

We do not agree with the proposal of introducing SUC based as a percentage of AGR for ISP licensees.

In line of the business needs of the end customer, relevant media including band of spectrum is used to serve. Spectrum usage based SUC would mean computation as customer-wise / link-wise AGR, which is practically not feasible at all.

It is pertinent to mention that ISPs keep on changing last mile connectivity over different media, to connect and provide best-in-class services to their customers. Moreover, customers also keep on requesting for upgrading or varying services leading to change in media, which needs to be catered to on utmost priority. ISPs use multiple last miles to deliver services to their customers viz. copper, fiber, cable operator, Wi-Fi, and many more. Therefore, there is no rationale in either charging AGR/SUC on the spectrum assignment as the AGR is being paid by ISPs as per their license conditions.

At present quarterly subscriber reporting is submitted to TRAI as on last day of quarter alongwith type of media provided to subscriber however, even that reporting will not help identify revenue segregation in terms of use of spectrum and without use of spectrum.

Hence, we strongly urge that existing formula based spectrum charges should be continued with.

**Q7: In case, Formula based spectrum charging mechanism in ISP license is to be continued, do you feel any changes are required in the formula being currently used that was specified by DoT in March 2012? If yes, suggest the alternate formula. Please give detailed justification.**

**Aircel Comments:**

Yes, it is strongly recommended to reverse the charging mechanism to pre-2012 levels as the present charges has made the business of ISP's unviable due to which we have been forced to surrender numerous sites.

The mentioned bands of 2.7 GHz/ 3.3 GHz/ 5.7 GHz/ 10.5 GHz are primarily being used for last mile connectivity by ISPs to connect their enterprise customers.

There has been year-on-year reduction in annual spectrum fee collected by WPC on a like to like basis. This raises concern on the change of the formulae for calculating the spectrum charges, due to which the spectrum charges for each site increased by approx. 2.5 times. In our view this has been the main reason for majority of the operators having assignments in 3.3 GHz, for their decision of surrendering their sites.

It is pertinent to highlight that the deployments in these spectrum bands is only in major towns for connecting Enterprise customers hence, it is recommended that the methodology be reversed so as to bring spectrum charges at pre-2012 levels. This shall motivate providers to deploy more sites on the assigned spectrum and thereby increase Internet penetration in the country.

**Q8: Do you propose any change in existing schedule of payment of spectrum related charges in the ISP license agreement?**

**Aircel Comments:**

Payment terms should be changed to Quarterly in advance instead of yearly in advance. This will help ISPs to manage cash flows in an appropriate manner and help in growth of services.

**Q9: Should a separate regime of interest rates for delayed payment of royalty for the use of spectrum be fixed in ISP license or should it be the same to the prevailing interest rates for delayed payment of license fee/ SUC for other licensed telecom services?**

**Aircel Comments:**

Currently interest on the delayed Royalty payments is @ 2% per month which is outdated in light of the lower interest regimes prevailing for the past few years in the country. We would recommend rationalization in these rates and the same should be linked to SBI Base Rate.

**Q10: Should separate financial bank guarantee or single financial bank guarantee be submitted by the ISP licensee covering LF payable, fees/charges/royalties for the use of spectrum and other dues (not otherwise securitized)? If yes, what should be the amount of such financial bank guarantee in either case?**

**Aircel Comments:**

Present terms and conditions pertaining to FBG can continue as is.

**Q11: Is there a need to specify minimum presumptive AGR for commercial CUG VSAT license for the purpose of charging SUC? If yes, what should be the value of minimum presumptive AGR and basis for its computation? Please provide justifications for your response.**

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**Q12: Should the SUC applicable to commercial VSAT services be reviewed? If yes, what should be the rate of SUC to be charged? Please give your view on this with justification.**

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**Q13: In addition to the issues mentioned above, comments of stakeholders is also invited on any other related matter/issues.**

**Aircel Comments:**

No comments.

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