

Quest Consultancy(ISP)

1.

At present, there are 389 licensed ISPs out of which only 135 are offering Internet services. Top 20 ISPs cater to 98% Internet subscriber base. In your view, is there a rationale for such a large number of ISPs who are neither contributing to the growth of Internet nor bringing in competition in the sector? Suggest appropriate measures to revamp the Internet service sector.

Answer : Because of the monopolistic practices by the incumbent operators , the growth of ISP sector has suffered . Even 65% of market share is controlled by only two incumbent operators. Till date all policy decisions , (either to share the existing infrastructure or any service specific decisions to provide VPN services etc.) are always taken in favor of incumbent operators only. One can easily predict that , if the same scenario remains , only 2 incumbent operators will have 98% of market share will remain and poor customers of this country will be forcefully pushed to the monopolistic era of incumbent operators.

It is very unfortunate that ISPs who have drained all their resources and efforts to educate the customers and create the infrastructure, were always neglected and are offered step motherly treatment .

We suggest following measures to revamp sectors

1. Local loop should be unbundled to licensed ISP , without putting any additional cost burden , neither in form of license fees nor as a levy by the incumbent operators, because we strongly believe that the infrastructure created by the public money should be effectively used to provide best possible service to the public only. Any charges collected will increase the burden on subscriber only.

2 Bandwidth prices should be monitored and should be kept under strict control. How come a country having lowest call rates , is having highest rates for the bandwidth ?

3. Key issues affecting ISPs like Right of Way , Local loop unbundling, availability of spectrum for WiMax deployment etc. need to be addressed immediately.

4. Some specific incentive policy should be introduced to promote the growth. Probably , only those ISP registering growth need to be offered .

5. special treatment is required for class “C” ISPs, as they have a very limited reach and resource availability. E.g. All central and state government offices, licensed class “C” ISPs should be given priority (Of course those ISP who do not follow QoS standards, need not be promoted).

6. Any policy decisions pertaining to the sector should not be made technology specific . Any thing , or everything related to internet , or for that matter IP should be allowed by the ISP . One can always have monitoring mechanism, but restriction on certain technology will only hamper the growth of the sector.

7. Predatory pricing by incumbent operators need to be addressed in this sector as well .Or a measure need to be taken for regulating the bandwidth pricing should be linked with ARPU.

Question 2. Due to limited availability of spectrum for wireless broadband access, and high cost of creating last mile infrastructure, many ISPs are left with only option to provide Internet dialup access services. With increasing penetration of broadband, what efforts are required to ensure viability of such ISPs in changing scenario? Please give suggestions

Answer : as mentioned earlier , local loop should be unbundled immediately, without any discrimination and additional cost burden. Clear guidelines should be issued for the Right of way clearance . Even while making new roads, provision of cable duct should be made mandatory for all state and national highways.

Question 3 At present limited services are permitted under ISP licenses. There is no clarity in terms of some services whether they can be provided under ISP licenses. Do you feel that scope of services which can be provided under ISPs licenses need to be broadened to cover new services and content? Suggest changes you feel necessary in this regard

Answer : We have suggested in our answer to revamp the sector, all services pertaining to IP based need to be allowed without any technology specific restrictions. Only right monitoring mechanism need to be worked out to protect the national interest.

Question 4: UASL/ CMTS licensees have been permitted unrestricted Internet telephony however none of them are offering the service. ISPs (with Internet telephony) can provide Internet telephony with in scope defined in license condition. The user friendly and cheaper devices with good voice quality are increasing Internet telephony grey market. Please suggest how grey market operations can be curbed without depriving users to avail such services

Answer: We can not restrict the technology , by putting a license conditions . Rather a full fledged VoIP should be allowed for the licensed ITSP provider. As such government is getting the revenue in form of 6% license4 fees , 12.24% service tax etc.

Question 5 : How to address the issue of level playing field amongst the licensees of UASL, CMTS and ISPs.

Answer : Most of the UASL have ISP license holders as well. They even are having a market player with significant market control. For CMTS there is no competition from ISPs .

Question 6: The emerging technological trends have been discussed in chapter 3. Please suggest changes you feel necessary in ISP licenses to keep pace with emerging technical trends?

Answer : No comments.

Question 7 : The service roll out obligations under ISP license is very general and can be misused by non-serious players. Do you feel the need to redefine roll out obligations so that growth of Internet can be boosted both in urban and rural areas? Give suggestions

Answer : Some measures can be worked out with consultation of all the licensed internet providers, without any undue advantage to small or the large players.

Question : 8 Do you feel that ISPs who want to provide unrestricted Internet telephony and other value added services be permitted to migrate to UASL without spectrum charges? Will it boost Internet telephony in India? What should be the entry conditions? Give suggestions.

Answer : No comments.

Question : 9 UASL/ CMTS licensees pay higher regulatory levies as compared to ISPs for provision of similar services. Do you feel that similar levies be imposed on ISPs also to maintain level playing field? Give suggestions.

Answer : There is a vast difference between the services being provided by UASL/CMTS service providers. No further fees need to be burdened on ISPs.

Question 10 : Virtually there is no license fee for ISPs at present. The amount of performance bank guarantee (PBG) and financial bank guarantee (FBG) submitted by ISPs is low. Do you feel the need to rationalize the license fee, PBG, FBG to regulate the Internet services?

Answer : As there is no license fees imposed , the sector has outgrown and consumers have also got the benefits of the competitions. There is no need to change the PBG/FBG , , this will ultimately result in to less number of market players and increase in tariff for the consumers.

Question 11: At present ISPs are paying radio spectrum charges based on frequency, hops, link length etc. This methodology results in high cost to ISPs prohibiting use of spectrum for Internet services. Do you feel that there is a need to migrate to spectrum fee regime based on percentage of AGR earned from all the revenue streams? Give suggestions?

Answer : No comments.

Question 12: The consultation paper has discussed some strategic paths to boost Internet telephony, bring in level playing field vis a vis other operators, and regulate the Internet services. Do you agree with the approach? Please give your suggestion regarding future direction keeping in view the changing scenario

Answer : Please do not add any restrictions or regulations on ISPs/ ITSPs which hampers the growth of the sector . Instead Internet telephony should be treated as an integral part of the internet services , to provide the benefit of this promising technology to the consumers of this country. Any regulation which are for the benefit of the consumers are always welcome , but at the same time regulations should not be imposed to provide any undue advantages to a specific group of service providers , (especially incumbent operators).