

June 17, 2021

To,

Shri Sunil Kumar Singhal,

Advisor (B&CS)-II,

Telecom Regulatory Authority of India.

Subject: Counter-Comments on behalf of GTPL Broadband Private Limited on the Supplementary Consultation Paper on "Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed" dated 19.05.2021 ("CP").

Dear Sir,

We, GTPL Broadband Private Limited ("GTPL") would like to thank the Authority for providing us with the opportunity to share our counter-comments and to respond to specific comments submitted by other stakeholders in response to the CP.

GTPL is one of the leading broadband and internet service providers, providing high-speed internet services across the country for over a decade. We are a Category-A (Unified License Holder-Internet Service Provider) providing internet services to both retail and enterprise customers.

Undoubtedly, the Government as well as the Authority has taken various initiatives in last couple of years for creating a conducive regulatory environment for smooth functioning of fixed line broadband services in India. Through this submission of ours, we are attempting to highlight some of the areas that need to be addressed and measures that need to be taken on priority to further the growth of the fixed line broadband services, besides countering certain specific propositions and arguments as have been suggested by certain key stakeholders.

Most stakeholders like BSNL, Siti Networks, Tata Communications Limited and Bharti Airtel Limited have strongly advocated for creation and provisioning of either direct incentives



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(creation of alternative infrastructure/ grant of subsidies or tax exemptions on equipment) or for indirect incentives (exemption or reduction of license fees) for the proliferation and growth of fixed line broadband services. However, in furtherance to the above, we state that issues related to archaic Right of Way (RoW) policies and higher cost of installation and maintenance of fixed line network broadband infrastructure are primary challenges that are being faced by the internet/broadband service-providers in rolling out fixed line networks across markets.

In this regard, we state that the Government has notified the Indian Telegraph Right of Way (RoW) Rules 2016 (hereinafter referred as the '**RoW Rules**') with the aim of streamlining the process of RoW permissions. However, most of the state governments have not been able to align their telecom infrastructure policy with that of the RoW Rules, instead they have come up with their separate policies, in contradiction to the object and the intent of the RoW Rules. It is pertinent to mention that on account of the lack of a standardized policy as prescribed under the RoW Rules, across all bodies of the state governments, the service-providers are meted out with severe difficulties in laying down the requisite infrastructure in a timely manner. We have already suggested in our response to the earlier Consultation Paper on the same subject matter that the following measures need to be undertaken for the effective redressal of issues in relation to RoW:

- i. Existence of uniform and one single policy for the entire country instead of each state/administrative body having different policies;
- ii. Existence of effective co-ordination among the authorities as well as the agencies for enabling the service providers to get timely permissions from all concerned and for speedy execution;
- iii. Developing an institutional mechanism to address the process of issuing RoW permissions, including prescribing a classified fee structure based on the town/city classification such as Tier I, Tier II and Tier III.

Therefore, a concerted effort needs to be undertaken by the Government as well as the Authority for streamlining the subsisting RoW Policies in terms of the aforesaid parameters. Another aspect that the key stakeholders have failed to highlight and suggest to the Authority is the importance of common ducts for ensuring effective deployment of fiber optic cables across the country. Increase in the development and creation of common ducts will ensure that both time

and cost for deployment of fiber is minimal, thereby bringing a steep reduction in the cost of installation and maintenance of fixed line broadband network. Such existence of common ducts can reduce cost of rolling out fiber networks, enable faster deployment of fiber optic cables of the networks, accelerate growth of fixed broadband, and provide protection against the fibre cuts. Having common ducts in place would also ensure that digging, restoration, and re-digging of the roads could be avoided as chambers/manholes would be provided at suitable intervals to lay the fibre. Once a common duct gets developed, it would no longer be necessary to excavate the road or street every time when new fiber cable is required to be laid down and it can simplify the task of maintenance. The government should however ensure to have a mechanism in place for ensuring fair and transparent allocation of such common ducts at no cost. The government should also grant 'Infrastructure' status and applicable benefits should be passed to entities that are deploying such fibers across the country.

In view of this backdrop, we would like to submit our counter-comments on the issues for consultation in the present CP. We stand ready to be involved in further consultations, industry dialogues that may be undertaken by the Authority before finalizing any view on these issues.

ISSUES FOR CONSULTATION

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?

GTPL's Counter Comment: We state that while majority of the key stakeholders including ISPAI, BSNL, Tata Communications Limited and UL-VNO (Category-B) Licensees Association have only recommended grant of indirect incentives in the form of exemption of license fees for the growth of fixed line broadband services, however, we strongly believe that a combination of both direct and indirect incentives can incentivize the investment in fixed infrastructure, thereby leading to the proliferation of fixed line broadband services.



A. Indirect Incentive: We, in concurrence, with most key stakeholders suggest complete exemption on the levy of license fees for the proliferation of fixed line broadband services. We however, unlike other stakeholders, suggest that the Authority should not extend such blanket exemption across all internet/broadband service providers as the same may attribute to the increase in the presence of large number of non-serious ISP players characterized by low investments, limited range of products and services and poor quality of service with low speeds, in the market. We seek to bring the kind attention of the Authority to the data and statistics of the Indian Telecom Services Performance Indicators for the period October-December, 2020. The contents of Annexure 1.5 at Page 94 of the said Report evidently establishes that presently 99.97% of the internet subscriber base of the country is being catered by only 6% of the ISP players. The Authority would acknowledge that the huge subscriber base of only 6% of the ISPs speaks volume about the consumer contentment level and the capacity of such ISPs to cater and reach maximum number of households and business enterprises. The investment costs of only these ISPs need to be incentivized for the proliferation and growth of fixed line broadband services. Such 6% of the ISPs have incurred huge investments for creation of quality infrastructure and secured network with Network Operations Center (NOC), engineers, technicians, routing functionalities, security infrastructure, and all applicable resources. It is only such ISPs that have the capacity to reach large number of subscribers without any instance of compromise in the quality of services delivered by them. All such ISPs also have a strong and secured network that is safeguarded from instances of hacking, security threat/breach or data loss. We, therefore suggest that only the effectively functional ISPs catering subscriber base of at least over one-lakh should be granted complete exemption of license fees for ensuring proliferation and growth of quality fixed line broadband service-providers.

We further suggest that apart from the subscriber-base, the Authority should also take into consideration the following parameters before granting exemption of license fees to any fixed line broadband/internet service provider:

- i. Only serious broadband/ Internet Service Providers with strict rollout obligations in terms of the subsisting licensing framework can be considered for an exemption of license fees,



- ii. The Authority should identify and fix standards for the quality of equipment(s) and infrastructure being used by the internet/broadband service providers for the provisioning of fixed line broadband services,
- iii. The existing fixed line broadband/ internet service providers should be given a maximum time period of one year to comply with the standards fixed by the Authority and can then be considered for exemption of license fees,
- iv. The Authority should design a robust mechanism to verify the contents of the monthly/quarterly reports that are submitted by the broadband/ Internet Service Providers in terms of QoS Regulations;
- v. The Authority should grant exemption only after due verification of the reports and after ascertaining that the broadband/ internet service providers are duly compliant with all QoS parameters. The internet/broadband service providers who do not stand compliant in terms of such verification should be granted due opportunity to make applicable changes and should only then be considered for grant of such exemption;
- vi. The systems of the fixed line broadband/ Internet Service Providers shall be audited on annual basis by a qualified auditor, identified/ empaneled by the Authority;
- vii. All other regulatory conditions under the license are required to be strictly adhered to by such broadband/ internet service providers.

Another issue as has already been highlighted to the Authority in our response to the earlier and primary Consultation Paper on the same subject matter is how the manner of computation of the license fees acts as a major deterrent for many service-providers to engage in the provisioning of broadband/internet services despite having the requisite infrastructure in place. The varied and subjective interpretation of Adjusted Gross Revenue has also led to numerous debates, disputes, audits and litigations in the industry. Therefore, in such a scenario, neither the service providers/ nor the investors remain too keen to invest for the development of telecommunication infrastructure which leads to unavailability of fixed broadband services in adequacy. It becomes of pivotal importance that the interpretation of Adjusted Gross Revenue (AGR) be clarified by applicable Authority to include revenue from licensed activities only for avoidance of any ambiguity and for proliferation of fixed line broadband services.



B. DIRECT INCENTIVE:

We further state that besides the indirect incentive, the Authority should also consider the following as an alternative infrastructure or direct incentives which can significantly contribute to the growth of the fixed line broadband services:

I. Grant of incentives to the local cable operators for up-gradation of their existing infrastructure/technology:

We have already highlighted to the Authority in one of our responses dated 31.05.2021 that the subsisting cable television infrastructure which connects approximately over 100 million urban and rural households¹ has immense potential to provide reliable and affordable broadband services along with cable television distribution services. This is on account of the fact that almost all multi-system operators (MSOs) that are indulged in providing broadband services through their subsidiaries/ affiliates have a valid Internet Service Provider (ISP) license and almost over 60,000 local cable operators (LCOs)² have laid down their vast network for providing last mile connectivity till the premises of the subscribers, even in the interior rural parts of the country. This evidently establishes that the MSOs have formidable capacity to reach each household in the country by utilizing the last mile connectivity of the fiber cable and network infrastructure of the LCOs, provided the LCOs upgrade their technology from the outdated Data over Cable Service Interface Specifications (DOCSIS) infrastructure or a Local Area Network (LAN) to Gigabit Passive Optical Networks (GPON).

Enabling proper and effective utilization of the last mile fiber infrastructure of the LCOs by the ISPs for provisioning of broadband services inevitably requires up-gradation of technologies on part of the LCOs that requires investment of high magnitude. Hence, the government should introduce special funding schemes with low interest rates as well as tax benefits for providing the LCOs with an impetus to switch from the outdated technologies of DOCSIS/ LAN and adopt a

¹ Page 4, TV Universe Estimates 2020, published by Broadcast Audience Research Council (BARC), India, released on 15.04.2021, accessed at: <https://www.barcindia.co.in/whitepaper/barc-india-tv-universe-estimates-2020.pdf>

² TRAI Annual Report 2018-19, accessed at:
https://www.trai.gov.in/sites/default/files/Annual_Report_15012020_0.pdf



more effective Gigabit Passive Optical Networks (GPON) technology which has the ability to provide consistent high speed broadband services. With the updated last mile network infrastructure in place, the MSOs (*as well as ISPs*) can readily utilise the fiber network of the LCOs to provide broadband and internet connectivity services to each and every household having cable television services. Such MSOs already have all backend support infrastructure like Network Operations Center (NOC), engineers, technicians, routing functionalities, security infrastructure, and all applicable resources, at their disposal, for delivering broadband services as well as subsisting business relationship with the aforesaid 60,000 LCOs.

We further suggest that pursuant to the grant of such incentivisation by the government, the latest technology of GPON should be mandated as the minimum standard by the Authority for provisioning of broadband services. Any new service-provider shall be licensed/allowed to operate only with the GPON technology and the existing service-providers operational with outdated technologies should be given a maximum time of a period of one year to upgrade themselves to the latest GPON technology. Further utilization of the upgraded last mile fiber infrastructure of LCOs by the MSOs can proliferate and increase effective delivery of broadband services, thereby enabling the integrated infrastructure to have formidable connectivity to reach a phenomenal number of households in the country.

II. Domestic and indigenous production of equipment(s):

We state that presently on account of poor supply and poor rate of production, domestic equipment like Optical Network Units (ONU) that is used for providing broadband services costs around Rs. 6,500/- to Rs.7,000/- per unit. The government should put a concerted effort and thrive to create a conducive and sustainable environment for the increase in domestic and indigenous production of equipment(s) like Optical Line Terminals (OLTs) and Optical Network Units (ONU) at much lower prices which will directly result in proliferation of the fixed line broadband services. The government should also provide additional incentives and reduced taxes on such domestically manufactured equipment(s).

III. Tax exemptions on imported equipment(s):

The Authority would acknowledge that creation of a conducive environment for indigenous production of equipment(s) is likely to take significant and considerable amount of time.



Therefore, till the time, a sustainable environment for domestic production of goods and equipment(s) is in place making such indigenous consumption affordable, the government should reduce the custom duty to *nil* on the import of such equipment(s), irrespective of the utilization of the equipment, whether being used for installation at the premises of the subscribers or being utilized towards infrastructure. Such incentives will enhance the affordability for all concerned stakeholders, thereby ensuring effective provisioning and delivery of fixed line broadband services.

IV. Home passed subsidies and optimum use of Universal Service Obligation (USO) Fund:

The ISPs that reach and connect maximum homes in the underserved rural areas should be given access to fiber and other associated infrastructure at subsidized rates and should be meted out with subsidies in the form of tax concessions and tax holidays. Optimum utilization of the USO Fund and financial support through banks/institutions is also recommended to help ISPs in the provisioning of broadband and internet connectivity services in the rural and remote areas.

V. Government induced free-ports for bandwidth connectivity:

Government should provide free ports for connectivity of bandwidth to the MSOs having ISP licenses who may then through the LCOs having last mile connectivity, provide broadband and internet connectivity services even to the remote households. Such free ports will have bandwidth of high capacity and will enable the MSOs having ISP licenses to connect themselves to a larger network for smooth provisioning of broadband services.

VI. Prescribed tariffs for resale of bandwidth to be revised:

Big telecommunication companies like Tata, Airtel, Reliance Jio should be encouraged to provide/sell their bandwidth to the MSOs (having ISP licenses) having formidable capacity to provide fixed broadband services to the underserved areas utilizing the cable television infrastructure of the LCOs.

In this regard, we further suggest that the maximum ceiling price for such resale of bandwidth, as has been prescribed by the Authority should be re-evaluated, taking into consideration the



existing market conditions to avoid any undue advantage and any instance of wrongful loss to the applicant company/ service provider utilizing the bandwidth.

Q.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?

GTPL's Counter-Comment: We do not agree with the opinion of some stakeholders including BSNL and Tata Consultancy Services and state that while fixed line broadband may be used to deliver a wide range of services and may lead to substantial increase of operator revenues, however they should not be exempted from the license fees.

In furtherance to the aforesaid, we seek to bring to the kind attention of the Authority that unlike telecom operators providing mobile services, ISP Licensees were not part of the migration package of 1999. The concept of AGR was introduced in ISP license as late as 2006 when the license fee was applied on ISP due to internet telephony. In order to protect ISP licensees that do not hold telecom licenses, adequate protections were given to ISP licensees to exclude revenues from pure Internet services from the computation of "Gross revenue", which is the core licensed activity under the said license. However, the recent amendment of 31st March 2021 amends such license terms unilaterally. No company is expected to start paying 8% of their total revenue as LF, on their existing revenue arising out of their internet business, immediately on such unilateral amendment of the license term.

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?

GTPL's Counter-Comment: We concur with the views of most key stakeholders that in case of Licensees offering bundled services, the Authority should mandate submission of a duly audited



revenue-separation report from the Licensees to be considered for the grant of exemption on license fees. Such reports may further be verified and audited by the auditors duly audited and empaneled by TRAI.

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?

GTPL's Counter-Comment: We do not suggest that the time-period for grant of license fee exemption shall be time-bound. However, the Authority after a period of ten years of implementation of exemption, may call for a further consultation for the purpose of reviewing such grant of exemption.

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?

AND

Q.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.

GTPL's Counter-Comment: In continuation to our response to Question No. 3, we suggest that the measures as suggested can be adopted and a heavy penalty may be levied on the operators in the event of false-reporting or misuse of such reporting. Such operators should also be barred from offering services and their licenses should be terminated by the applicable Authority.



Q.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?

GTPL's Response: Our counter-response to Question No. 1 comprehensively covers and answers this issue.

Q.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.

AND

Q.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.

GTPL's Counter-Comment: We concur with the comments of other key stakeholders and state that lack of a uniform policy and absence of uniform pricing as significant challenges for getting access of public places and street furniture. Granting access to public places like government buildings/railway stations/metro rail stations/ airports/ stadiums etc. and street furniture, such as bus stop shelters, utility poles, lamp posts or traffic lights, owned by municipalities, at reasonable costs can help in the proliferation of the wireless networks. An important aspect to be taken into consideration in this regard is the fact that provisioning of internet and broadband services requires constant and adequate electricity supply and connectivity. The resolution of such key challenges can be done in the following manner:

- i. A uniform policy across each state should be adopted for ensuring that all wireless service providers are able to have access to public spaces;
- ii. A uniform mechanism should be in place by virtue of which any ISP/broadband service provider that intends to utilize any public space or street infrastructure can do so by paying the requisite fee/ license fee as required to be paid. Such fee should also be



regulated by the government. It is also advisable to have a single window clearance for such usage to promote ease of business.

- iii. A transparent process ought to be in place by virtue of which a common website should be created with the list of all the applicant service providers (*in an orderly manner*) who have sought to use the street furniture and the individual status of such allotment.
- iv. The service providers can install small racks and place equipment in the public spaces that they have access to. The electricity poles and lampposts can be used for connecting and running cables.
- v. Electricity as required for the continuous operation of wireless network can be provided by State Electricity Board(s) for free of cost.

Q.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?

GTPL's Counter-Comment: We partly concur with the comments of the other key stakeholders and suggest that the website of any broadband/internet service provider should mandatorily exhibit a list of all places that are feasible and where the service-provider is able to provide the broadband and internet connectivity services. Such list shall be updated on regular basis to record every instance of expansion in terms of feasibility of areas by the service providers. The website of the ISP should also provide for a facility for registration of demand and such users can be contacted or reached by the ISPs as and when there is availability of services in such location.

We further state that the incentives as have been suggested as our response to Question No. 1 are adequate for providing impetus to fixed line broadband services. We understand that the aforesaid measures should be undertaken to address the constraints with respect to the demand-side, however, such measures exclusively without any direct incentive to the supply side and to the service-providers cannot help in growth of fixed line broadband services in the country on a standalone basis.



Q.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.

GTPL's Counter-Comment: We concur with the response of all key stakeholders and do not favour implementation of DBT scheme on account of the following reasons:

- i. Deployment and provision of services in fixed line broadband depends on various factors such as uptime of network, timely maintenance activity network, upkeep and replacement of optical fiber which require technical know-how. Therefore, only having DBT scheme in place without any increase in the number of the service providers will not help in the growth of fixed line broadband services.
- ii. Subscribers do not have any technical know how to measure the uptime, therefore if they are receiving Direct benefit Transfer from the government, it might be the case that the subscribers would not would not complain for lack in services by certain service-providers. We are all aware that the complaint redressal and resolution mechanism plays a vital role in keeping the quality of services rendered by the service providers at check.
- iii. There may also be cases when, service provider will affiliate and collaborate with some locals and consumers, and initiate any scheme for gaining benefit out of DBT scheme which will be a complete misuse of the objective of such scheme.
- iv. Regulating, monitoring and controlling such DBT scheme on part of the government will be arduous.
- v. DBT scheme will be an additional expense to the government which can be subjected to manipulation and misuse.
- vi. It will be a herculean task for the government to define parameters for differentiating segments /duration and per month amount for the scheme.

