

10.06.2021

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Mahanagar Doorsanchar Bhawan
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Reg.: Comments on Supplementary Consultation Paper dated 19.05.2021 on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed

Dear Sir,

At the outset we wholeheartedly welcome the Authority's initiative to promote Broadband connectivity and enhanced broadband speed. As mentioned in the consultation, broadband is the key driver for economic growth. We believe that the collaborative approach put forward through this paper can help us deliver the missions of the Government and help deliver high quality broadband to significantly higher percentage of Indians and usher in the era of quality, affordable data.

Even after 25 years of rolling out internet services, India has less than 9% of homes with fixed line broadband shows that it is essential to provide a hassle free roadmap for faster roll out of high-speed broadband. There is demand for fixed line high speed broadband internet as can be seen from the 75 crore mobile internet subscribers. But rolling out fixed broadband needs huge investment and penetration.

While you would appreciate that license fee on fixed line broadband will only hamper growth of the services, even more life threatening to the industry is the retrospective demands raised for license fee on revenues arising from activities like cable TV which needs a separate license under a different Central Government Ministry (Ministry of Information and Broadcasting).. The same may lead to a complete halt in roll out of broadband services bringing the survival of such ISPs in question.

It is humbly submitted that our country needs to pursue larger objective of becoming USD 5 trillion super economy powerhouse by 2025. License fee demands on pure internet as well as activities

under a separate license under a different Central Government Ministry are completely illegal and a hindrance in achievement of the aforesaid objective.

Please find enclosed comments of Asianet Satellite Communications Pvt. Ltd. on Supplementary Consultation Paper dated 19.05.2021 on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed.

We hope that our submission will merit your kind consideration and support.

Thanking You,

For **Asianet Satellite Communications Pvt. Ltd.**

Authorised Signatory

Encl.: As above

Response of Asianet Satellite Communications Pvt. Ltd. to the Supplementary Consultation Paper dated 19.05.2021 on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed.

1. 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?

Response:

- a) *Removal of License fee on pure internet and withdrawal of license fee demands on unlicensed revenues:*

Fixed line broadband requires cables into the homes and there is no one better placed than Cable TV industry players as they have already cabled almost all homes for cable TV, in the past 30 years.

Given the presence of MSOs and LCOs in about 150 Mn homes either through fiber or copper (Coaxial cable), they are best equipped to boost the fixed line broadband. While there is a huge opportunity to add broadband subscribers, the business confidence is dented by the huge License fee demands raised all of a sudden on cable TV revenues retrospectively for 10-12 years which is threatening the MSOs continuance as a going concern.

Unlike Telecom operators with Universal Access License and Pan India presence, the MSO's cater to smaller geographies and struggle to generate adequate cash flows. The Authority has been advising MSOs and LCOs to roll out broadband services. But, when the few MSOs and LCOs are taking initiative to roll out broadband, unfortunately, they are asked to pay license fee on Cable TV revenues and the demands are multifold of the broadband revenues. For these operators to function as going concerns, we strongly recommend the removal of license fees on broadband for the next ten years and also withdraw the aforesaid retrospective demands on unlicensed revenues as they are completely illegal and beyond the terms of the ISP license agreements

It is humbly submitted that it is the stated goal of the government to become a USD 5 Trillion GDP economy by 2025 and the consultation paper rightly observed that there is a highly favourable correlation between broadband penetration and GDP growth.

The benefits of digital economy leading to high GDP growth far outweigh the small dip in license fee revenues to the government.

It is time that the Government removed all bottlenecks for a revolutionary growth in fixed line broadband like what the country witnessed in wireless broadband – to make India a truly developed economy.

b) Right of way costs are prohibitively high in many of the states and in the interest of broadband penetration, the ROW charges may be capped at Rs 50 per year per pole by the state electricity boards.

c) Capital investment subsidy may be provided for expanding broadband footprint to newer geographies.

d) a lower slab of GST – say 5% instead of 18% on fixed line broadband can drive broadband penetration.

Removal of the supply side bottle necks can help MSOs have long term plans to invest in increasing broadband connectivity.

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?**

Response: Fixed line network is a conduit to delivering broadband experiences to consumers. In the years to come the same could be used to deliver a range of value added services. While they might aid enhance operator revenues, they should not be exempted from the license fees. This is without prejudice to our view that license fee demand on revenue from activities under a separate non telecom license, like Cable TV are completely illegal and the said demands should be withdrawn. License fee exemption should be primarily to drive broadband penetration and usage.

3. **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?**

Response: In case of multiple services provided to same subscriber availing Fixed broadband service, to avoid any manipulation to under invoicing other services, the Government may fix a minimum notional value for other services like mobile broadband/IPTV etc based on the past ARPU of each service and collect license fee on the notional value fixed by the Govt.

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

Response: We recommend license fee exemption for 10 years or till India reaches comparable Fixed line broadband penetration vs mobile service providers, whichever is later.

5. 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?

Response:

- *In case of multiple service provided to same subscriber, Govt may fix a minimum notional value for other services like mobile broadband/IPTV etc and collect license fee on the notional value fixed by the Govt.*
- *We have elaborated the other approach in the point 3 above.*

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.

Response:

- *Segment wise accounting of revenue along with audit certificate will help in segregating revenues and avoid loss of license fee on other telecom service revenues.*
- *One option is to consider the last reported AGR for other services vis a vis the number of subscribers to avoid any misuse.*
- *Another option is to stipulate a ceiling on the discount which can be offered on bundled services – like it was done in broadcasting sector for pay channels. Eg. The TSP can declare its products and prices under each service and the bundled services should not have more than 15% discount offered compared to the sum of prices of each service.*
- *In case of multiple service provided to same subscriber, Govt may fix a minimum notional value for other services like mobile broadband/IPTV/ Access service etc and collect license fee on the notional value fixed by the Govt.*

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?

Response

- a) *We believe that direct incentives like DBT is a regressive step as there is already enough demand for broadband as 75 crore Indians are availing mobile internet.*
- b) *Instead of direct incentives like DBT, a conducive environment like abolition of license fee on pure internet and also withdrawal of retrospective demands on unlicensed revenues (like Cable TV revenues) will encourage investment in rolling out broadband*

across India.

c) DBT to subscriber will weigh heavily on the government's finances and is avoidable.

It is more important to create huge broadband infrastructure which calls for a huge capital expenditure on the part of ISPs and it is not possible without creating the conducive environment for investment:

- *The major hurdle as mentioned above – license fee should be scrapped completely and the illegal demands raised retrospectively – that too on non-telecom revenues should be withdrawn immediately for the licensees / MSOs/ LCOs to invest in the network rollout.*
- *Some of the states are not only charging high for ROW, but some states are charging higher ROW cost if the ROW is meant for broadband vs cable TV service which is against the national goal of Digital India.*

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.**

Response: As an MSO and a fixed line ISP, we do not use small cells. However, as mentioned above, in view of the larger national goal of digital India, it is strongly recommended that the local governments / state governments provide free or charge a very nominal fee for right of way for installing equipment / rolling out fiber network for providing internet services.

These bottlenecks of access, permissions, cost and delays is a hurdle to ease of faster roll out of broadband infrastructure.

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.**

Response: *As an MSO and a fixed line ISP, we do not use small cells. However, as mentioned above, in view of the larger national goal of digital India, it is strongly recommended that the local governments / state governments/ Electricity boards provide free or a very nominal right of way for installing equipment / rolling out fiber network for providing broadband services.*

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?**

Response:

- TRAI website can capture contact details of all ISPs in the country along with geography details of coverage by the respective ISPs so that customer can contact the ISPs in his location easily.
- TRAI can also prescribe each ISP to carry a form to be carried on the website so that customer can post the enquiries to the ISP. The ISPs can be mandated to update the customers periodically by SMS regarding the likely date of providing the service at the customer address.

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.

Response:

It is submitted that there is a demand for broadband as can be seen from 75 crore mobile broadband users. The need of the hour is to create a conducive atmosphere for investment in broadband network roll out – especially in semi urban / rural areas. This calls for scrapping license fee on pure internet services and withdraw the illegal demands for license fee on revenues arising from activities under other licenses under another Central Government Ministry like cable tv services which will encourage the entire industry to drive the broadband network. It may be noted that it is the MSOs and small cable operators who cabled nook and corner of the entire country in a small span of time. A conducive atmosphere can help in repeating the same feat in increasing fixed line broadband connectivity as well.

12. 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.

Response :. DBT on Broadband is an avoidable burden on Government resources and will be also be benefitting those who are already paying for broadband today. On the other hand, it is recommended to remove the supply side constraints like license fee on broadband/pure internet services which will promote faster broadband rollout. . It is also requested to withdraw demands of license fee on cable TV and other unlicensed revenues.

- II. If you recommend supporting a particular segment of fixed-line broadband subscribers, how to identify such segment of the subscribers?

Response : Same as 12.i.

We do not recommend DBT / subsidy to subscribers and instead allow a conducive environment by withdrawing license fee as there is already GST on broadband services.

III. How to administer this scheme?

Response – Not applicable

IV. What should be the amount of DBT for each connection?

Response – Not applicable

V. What should be the period of offer within which individuals need to register their demand with the service providers?

Response – Not applicable

VI. What should be the maximum duration of subsidy for each eligible fixed-line broadband connection?

Response – Not applicable