


<b>Regulation Cell,</b> Room no. 504, 5 <sup>th</sup> Floor, Bharat Sanchar Bhawan, Janpath, New Delhi - 110001 Tel.: 011 - 23734081-82 e-mail: agmregln@gmail.com	 <b>भारत संचार निगम लिमिटेड</b> <small>(भारत सरकार का उपक्रम)</small> <b>BHARAT SANCHAR NIGAM LIMITED</b> <small>(A Govt. of India Enterprise)</small>
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No. BSNLCO-RGLN/25/5/2022-REGLN dated 12.09.2022

To,

Shri Amit Sharma,  
 Advisor (Finance & Economic Analysis),  
 TRAI, New Delhi

(Through email fa@traigov.in )

**Sub** Comments to TRAI Consultation Paper on "Rationalization of Entry Fee and Bank Guarantees".

Sir,

In reference to Consultation Paper on "Rationalization of Entry Fee and Bank Guarantees" dated 26.07.2022, please find below the comments of BSNL on the questions as sought by TRAI in the consultation paper.

**Q1. Should the entry fee be rationalised from the present levels in the UL and UL (VNO) licenses? Please support your comments with detailed justification.**

**BSNL Comments:** Yes, the entry fee should be rationalized from the present levels in UL and UL (VNO) licenses.

BSNL, a Central Government PSU, has been granted Unified License by DoT w.e.f. 29.02.2020 valid upto 28.02.2040.

Further,

- i. Para 2.1 of the consultation paper states - **Entry Fee is a fixed one-time amount that prospective entrants must pay to enter a market. Entry Fees are typically non-refundable and constitute startup costs for a firm.**
- ii. The view of DoT as mentioned in para 1.2 (a) of the consultation paper is - **Entry Fee should be reduced and made uniform across all authorizations.**
- iii. Entry fee should not act as a barrier to existing/ prospective Telecom Operator, and at the same time there should be some mechanism to ensure entry of only serious player (s) into the market and prevent 'cherry-pick' by prospective Licensees.
- iv. In all matters of License and Regulation, BSNL understands that terms and conditions for Central Government PSUs should be separate than that for Private Operators.

In view of above, BSNL, agrees with DoT's view that entry fee should be reduced and made uniform across all authorizations, and further submits as:

**1. For prospective new entrants:**

- a. Private Operators- entry fee should be minimized to a uniform and equal to minimum administrative cost associated with processing of application. However,

- to ensure entry of only serious player, an additional, uniform, refundable Bank Guarantee of suitable amount, linked to rollout of various services under the authorization/ license in first five years, should also be prescribed.
- b. Central Government PSUs - there should not be any entry fee, and there should be no Bank Guarantee applicable because unlike Private Operator, a Government PSU is not an independent entity but controlled by Government and it has mandate to meet all the obligations of the Government.

**2. For existing licensees:**

- a. Private Operators - there should be no entry fee applicable either at the time of renewal of authorization/ license, or at the time of migration of existing authorization/ license, or at the time of additional authorization/ license. However, a refundable Bank Guarantee of suitable amount, linked to rollout of various services under the authorization/ license in first five years, should be prescribed.
- b. Central Government PSUs - there should be no entry fee/ Bank Guarantee applicable either at the time of renewal of authorization/ license, or at the time of migration of existing authorization/ license, or at the time of additional authorization/ license.

**Q2. If the answer to Q1 is yes, should the entry fee be rationalized across all authorizations or some specific authorizations, both within each license and across licenses? Please justify.**

**BSNL Comments:** Entry fee and refundable Bank Guarantee should be prescribed only for new Private Operator in the manner as stated in reply to Q1 above and it should be rationalized across all authorizations/ licenses.

**Q3. What should be the methodology for arriving at the rationalized entry fee and/ or other terms and conditions for each authorization? Please provide the detailed rationale for each authorization.**

**BSNL Comments:** As noted in reply to Q1, entry fee applicable to only Private Operators should be minimized to a uniform and equal to minimum administrative cost associated with processing of application only. This will go a long way to help the new firm utilize its resources for providing quality services.

As regards the methodology for arriving at proposed refundable Bank Guarantee, it may be the same as the current methodology of deciding entry fee.

**Q4. Should a uniform Entry Fee be charged for each of the authorizations in the UL and UL (VNO) licenses, both within each license and across licenses? Please justify**

**BSNL Comments:** Same as reply to Q3 above.

**Q5. What should be the amount of the uniform Entry Fee for various authorizations? Please justify.**

**BSNL Comments:** As noted in reply to Q1, the uniform entry fee, applicable for new Private Operators only, for various authorizations should be equal to minimum administrative cost associated with processing of application only.

**Q6. Should the Entry Fee in licenses/ registrations/ authorisations/ permissions, other than UL and UL (VNO) be rationalized? If yes, please provide the reasons and appropriate levels of entry fee for each of these licenses/ registrations/ authorisations/ permissions.**

**BSNL Comments:** Entry fee for all types of Telecom licenses/ registrations/

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authorizations/ permissions and applicable to new Private Operators only, should be minimized to a uniform and equal to minimum administrative cost associated with processing of application only. This will go a long way to help the new firm utilize its resources for providing quality services.

However, to ensure entry of only serious player, an additional, uniform, refundable Bank Guarantee of suitable amount, linked to rollout of various services under the authorization/ license in first five years, in line with the current methodology of entry fee should also be prescribed

**Q7. Is there a need to continue with the practice of the Bank Guarantee in various licenses/authorizations? Please Justify.**

**BSNL Comments:** Yes, there is a need to continue with the practice of the Bank Guarantee in various license/ authorizations - with some changes in the terms and conditions.

The current practice of Bank Guarantee in various licenses/ authorizations does not differentiate between a Private Operator and a Central Government PSU. There is a need to have different terms and conditions in respect applicable Bank Guarantees for Government PSUs and Private Operators, because unlike Private Operator, a Government PSU is not an independent entity but controlled by Government and it has mandate to meet all the obligations of the Government.

**Q8. If the answer to Q7 is no, then what practice should be followed to secure the Government dues and performance of service providers?**

**BSNL Comments:**

- i. For Central Government PSU -There should be no applicability Financial Bank Guarantee or Performance Bank Guarantee because unlike Private Operator, a Government PSU is not an independent entity but controlled by Government and it has mandate to meet all the obligations of the Government.
- ii. For Private Operators -To secure Government, the current practice of Financial Bank Guarantee in various licenses/authorizations may continue.

And to ensure compliance to license conditions, a Performance BG with maximum validity upto the term of the license may be prescribed. As regards meeting service performance and quality, TRAI is already into monitoring Quality of Service of various services provided by Telecom Service Providers. However, Additional PBG to secure receivables of Government PSUs from Private Operators in case the Private TSP goes into insolvency or choses to close its operation without making payment of outstanding amount to the Government PSU should also be prescribed.

**Q9 Is there any justification for merging the two bank guarantees i.e., Financial Bank Guarantee and Performance Bank Guarantee? Please give detailed justification**

**BSNL Comments:** No, there is no justification for merging the two bank guarantees i.e. Financial Bank Guarantee and Performance Bank Guarantee.

The two Bank Guarantees are for two entirely two different purposes. While FBG is to secure Government receivables, PBG is to ensure adherence to license guidelines. And as stated in reply to Q8, BSNL requests for additional PBG to secure receivables of Government PSUs from Private Operators in case the Private TSP goes into insolvency or choses to close its operation without making payment of outstanding amount to the Government PSU should also be prescribed.

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**Q10. What should be the methodology to calculate the amount of merged Bank Guarantee? Please Justify. What should be associated terms and conditions with reference to financial and performance parameters?**

**BSNL Comments:** Not applicable in view of reply to Q9 above.

**Q11. What should be the amount of merged bank guarantee that should be made applicable for new entrants during the first year? Please justify..**

**BSNL Comments:** Not applicable in view of reply to Q9 above.

**Q12. What should be the methodology to review the merged Bank Guarantee and after how much time? Please justify. In case of failure to meet only performance parameters or only financial parameters what should be the methodology for partial encashment of BG?**

**BSNL Comments:** Not applicable in view of reply to Q9 above.

**Q13. Should the merged bank guarantees be applicable for new entrants as well as existing licensees other UL/ UL (VNO)? Please give justification for your response.**

**BSNL Comments:** Not applicable in view of reply to Q9 above.

**Q14. Is there any need to merge or review the bank guarantee for the licenses/ registrations/ authorisations/ permissions other than UL and UL (VNO)? Please justify.**

**BSNL Comments:** Not applicable in view of reply to Q9 above.

**Q15. Any other relevant issue that you would like to highlight in relation to the above issues?**

**BSNL Comments:** The present licensing regime has allowed access service licensee to 'cherry pick' and provide selective services to select group of customers only. This has a huge bearing on the existing service providers, especially BSNL, who have invested hugely to provide all types of services and also incurring huge maintenance costs.

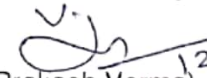
The entry fee and bank Guarantee coupled with suitable license conditions is required to prevent 'cherry pick' by Licensees.

The earlier Licenses issued by DoT had an element of rollout obligations which a licensee had to meet. The roll out obligations – while ensuring entry of only serious firms into the market also provided uniformity between licensees to provide all types of services, choice to customers and competition between licensees for improvement of quality of services.

BSNL is of the firm view that 'Cherry pick' by a licensee should not be allowed. Such TSPs should be immediately mandated to provide all types of services under the authorization/ license and till such time they provide all types of services/ meet the minimum roll-out obligations, they need to share their revenue with other access service providers who are providing wireline and wireless services.

The above is submitted for your kind consideration please.

Yours sincerely,

  
(Ved Prakash Verma) 12-09-2022

DGM (Regulation-II)

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