



RSM/COAI/2019/173

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**Subject: COAI Response to the TRAI Consultation Paper on “Review of Scope of Infrastructure Providers Category-I (IP-I) Registration”**

Dear Sir,

This is with reference to the TRAI Consultation Paper on “Review of Scope of Infrastructure Providers Category-I (IP-I) Registration” released on August 16, 2019.

In this regard, please find enclosed COAI response to the Consultation Paper.

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

With Regards,

Yours faithfully,

**Rajan S. Mathews**  
**Director General**



## **Response to the TRAI Consultation Paper on Review of Scope of Infrastructure Providers Category-I (IP-I) Registration released on August 16, 2019**

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At the outset, COAI welcomes the opportunity to comment on the TRAI Consultation Paper on Review of Scope of Infrastructure Providers Category-I (IP-I) Registration.

### **Preamble:**

We would like to make following key submissions on the subject:

#### **I. Infrastructure sharing is a must for the roll-out of networks including the future 5G networks**

1. Telecom, being a capital-intensive business, needs huge investments for growth and expansion. The cost of deploying telecom networks is expected to rise even further, with operators' focus shifting to roll out of 5G Infrastructure in the near future.
2. 5G will provide ultra-fast, low latency and highly-reliable connectivity, enabling a range of new use cases. These include mission-critical IoT and massive IoT solutions like smart cities as well as enhancing consumers' broadband experience. In the 5G network, densification will result in 10 times more new sites compared with 3G and 4G and each will require fiber connection and additional spectrum. This will lead to significant CAPEX outlay as well as additional operational complexities, including location agreements and negotiations with municipalities to ensure the Right of Way (RoW).
3. Under such scenario, it will be inevitable for the TSPs to have a robust model to share their infrastructure i.e. Passive, Active and Core, to reduce CAPEX, OPEX and maximise network capacity and capabilities.
4. As per BEREC there can be a cost saving of 16%-35% in passive Infrastructure sharing in both CAPEX and OPEX, while for Active Infrastructure sharing, the cost savings can be as much as 45%.

Infrastructure Sharing	Cost Saving	
	CAPEX	OPEX
Passive	16% - 35%	16% - 35%
Active (excl. Spectrum)	33% -35%	25%-33%
Active (incl. Spectrum)	33%-45%	30% -33%

Source: BEREK report on Infrastructure Sharing

5. In addition to the cost savings, sharing the active Infrastructure will provide the following benefits:

- a. Avoid duplication of investment by the TSPs
- b. Improved Quality of Service
- c. Positive incentives to provide services in underserved areas
- d. Attract Investments from the entities providing Infrastructure Funds
- e. Help TSPs to concentrate on their Core Business /Competency
- f. Accelerate roll out of digital services

## II. Current Regulatory Framework on Infrastructure Sharing

1. The Indian telecom sector was among the first to adopt passive infrastructure sharing in a big way. TSPs shared the passive infrastructure with their peers that led to significant savings.
2. Meanwhile, active infrastructure sharing including antennas, feeder cables, Node B, RAN and transmission systems, was allowed to the TSPs by DoT in February 2016. However, adoption of active Infrastructure sharing has been slow.
3. One of the major reasons for the slow adoption is that the payment made by one TSP to another TSP for the sharing of the active Infrastructure has not been allowed as a pass through by the Government.

## III. Step that can be taken to facilitate active Infrastructure sharing

**Pass through should be allowed for any consideration paid by one TSP to another for active infrastructure sharing**

1. As highlighted above, currently, all the TSPs are allowed to share the active infrastructure, however, the payment made by one TSP to another TSP is not allowed as a pass through, to

calculate the Adjusted Gross Revenue (AGR), in order to determine the amount of License Fee (L.F) and Spectrum Usage Charges (SUC).

2. Thus, in order to facilitate the sharing of the active infrastructure elements, Government should immediately allow the pass-through for any consideration paid by one TSP to another for active infrastructure sharing.
3. Further, irrespective of the issue of the active Infrastructure sharing, the regime of pass-through charges for admissibility of deductions from Gross Revenue for the levy of LF & SUC be reviewed and all kind of payments (either fixed or variable) made for any telecom input resource by one TSP (Licensee) to another TSP (Licensee) should be allowed as a deduction to the former.
4. **We believe that if pass-through is allowed for these payments made for the sharing of active infrastructure between the TSPs, the same will facilitate the active infrastructure sharing and no additional change in the licensing regime is required.**

#### **Allow sharing of the Core Infrastructure of the TSPs:**

1. The policy on infrastructure sharing should be further liberalized to allow sharing of core infrastructure such as MSC, HLR, IN etc. among Licensee having the UL (Access Authorization).

#### **Issue -Wise Response:**

- Q1. Should the scope of Infrastructure Providers Category – I (IP-I) registration be enhanced to include provisioning of common sharable active infrastructure also?

#### **COAI Response:**

1. As elaborated in the preamble, we request Government to immediately allow the pass-through for any consideration paid by one TSP to another for active infrastructure sharing. We are of the view that the same will facilitate the active infrastructure sharing and no additional change in the licensing regime is required.
2. If due to any reason the Government is unable to allow pass-through to the TSPs for the active Infrastructure sharing (as highlighted in the preamble), **only in such a scenario**, without diluting the contention for the need to allow pass through to the TSPs for the active infrastructure sharing, Government may adopt other approaches to facilitate the active infrastructure sharing.

3. There are different views from our members regarding the modality of any such limited increase in scope of IP-1s, all of which are being given below:

**a. Scope of the IP-1 is enhanced under Registration:**

The scope of IP-I can be enhanced to provide active infrastructure to licensee(s) on rent/lease basis provided the following conditions are met:

- Active infrastructure should be only provided to licensee(s)
- Active infrastructure can be procured by IP-I for sharing with licensee(s) only basis the agreement between licensee and IP-I. In case there is no agreement with licensee then IP-I cannot procure or install active equipment.

**b. Scope of the IP-1 should not be enhanced under Registration. In case the Scope of IP-1 is enhanced, the same should be done by introducing new UL (Authorisation):**

- i. In such scenario as well, UL (Authorisation) to provide services ONLY to UL licensee having Access Authorization.
- ii. Compliance to various guidelines related to Security and Data Privacy, should be made mandatory for entities taking this new UL (Authorization). Further, these entities should also comply with the Quality of Service (network uptime etc.) related requirements.

4. While considering to enhance the scope of IP-1, by adopting any of the approach highlighted above, we request, Authority/Government to kindly consider following points:

- a) The Level playing field is ensured
- b) Any change is in the regime has compliance to prevailing Law and
- c) There is no dual incidence of levy; Pass through should be allowed

Q2. In case the answer to the preceding question is in the affirmative, then

- i. What should be common sharable active infrastructure elements which can be permitted to be owned, established, and maintained by IP-I for provisioning on rent/lease/sale basis to service providers licensed/ permitted/ registered with DoT/ MIB? Please provide details of common sharable active infrastructure elements as well as the category of telecommunication service providers with whom such active infrastructure elements can be shared by IP-I, with justification.

### COAI Response:

1. In case the scope of the IP-1 is enhanced under Registration or through UL, then IP1 may be allowed to own, establish and maintain passive infrastructure as well as the following active elements only:
    - Antenna, feeder cable
    - Transmission system
  2. Further, we are of the view that Active infrastructure sharing should be provided only to the UL licensee having Access Authorization.
- ii. Should IP-I be allowed to provide end-to-end bandwidth through leased lines to service providers licensed/ permitted/ registered with DoT/ MIB also? If yes, please provide details of category of service providers to it may be permitted with justification.

### COAI Response:

1. No. IP-1 should not be allowed to provide end-to-end bandwidth through leased lines, since it is licensed activity and IP-Is cannot be given undue advantage of cost savings as they do not pay LF/SUC.
- iii. Whether the existing registration conditions applicable for IP-I are appropriate for enhanced scope or some change is required? If change is suggested, then please provide details with reasoning and justification.

### COAI Response:

1. The conditions applicable for the IP1 should be as per the approach highlighted in question 1, being prescribed by the Government.
- iv. Should IP-I be made eligible to obtain Wireless Telegraphy Licenses from Wireless Planning and Coordination (WPC) wing of the DoT for possessing and importing wireless equipment? What methodology should be adopted for this purpose?

### COAI Response:

1. The IP-1's may be allowed to import wireless equipment on behalf of UL(Access) holder.

- v. Should Microwave Backbone (MWB) spectrum allocation be permitted to IP-I for establishing point to point backbone connectivity using wireless transmission systems?

**COAI Response:**

1. No, IP-1's should not be allocated Microwave Backbone Spectrum (MWB).

- Q3. In case the answer to the preceding question in part (1) is in the negative, then suggest alternative means to facilitate faster rollout of active infrastructure elements at competitive prices.

**COAI Response:**

1. Please refer to the preamble and answer to question 1.

- Q4. Any other issue relevant to this subject.

**COAI Response:**

1. Currently active Infrastructure sharing is allowed to TSPs for only antenna, feeder cable, Node B and transmission systems.
2. The policy on infrastructure sharing should be further liberalized to allow sharing of core infrastructure such as MSC, HLR, IN etc. among licensees having UL (Access Authorization).
3. Sharing of core network elements such as MSC, HLR, IN etc. among the TSPs will reduce cost for the TSPs and facilitate faster roll -out.
4. We request TRAI to kindly Recommend to DoT to allow the sharing of the Core Infrastructure.

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