



Lightstorm Telecom Connectivity Private Limited
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05 September 2022

TO

Shri Amit Sharma, Advisor (Finance & Economic Analysis),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg,
New Delhi, Delhi 110002

Subject : Lightstorm Telecom Connectivity response on 'Consultation Paper on Rationalization of Entry Fee and Bank Guarantees' dated 26th July 2022

Dear Sir,

Please find enclosed our company response to the Consultation Paper referenced above.
We hope the Authority will consider it favourably.

Thanking You,

Yours sincerely,
For **Lightstorm Telecom Connectivity Private Limited**

A handwritten signature in blue ink, appearing to read 'Amit'.

Authorised Signatory



Lightstorm Telecom Connectivity response on 'Consultation Paper on Rationalization of Entry Fee and Bank Guarantees' dated 26th July 2022

The reference from the Department of Telecommunications ('DoT') is clear in its objective

- a) Entry Fee should be reduced and made uniform across all authorizations
- b) Both bank guarantees should be merged and amount of a single BG may be prescribed for each authorization.

The entry fee acts as entry barrier to market for new entrants entering the market. It also acts as a minimum threshold to ascertain the serious players in the market, who are willing and capable to invest and create infrastructure. The other rationale for imposing high entry fee is to create a minimum threshold for businesses wanting to exploit the natural resources. The Indian telecom sector has moved ahead in the telecom network penetration phase. TRAI data shows that India's total wireless subscriber count reached to **114.3 crore** at the end of April 2022. The wireless telecom service providers utilize radio spectrum which is a natural resource and for which the entry criteria is prescribed separately in the Notice Inviting Application for spectrum auction. These requirements in the auction document are over and above the threshold prescribed for grant of license.

In addition, there is a large category of service providers viz. Internet Service Providers, National Long Distance Providers, International Long Distance Providers etc, which do not utilize natural resources.

The DoT had in the past reduced the entry fee for national long distance and international long distance segment to Rs 2.5 crore from Rs 25 crore and Rs 100 Crore respectively. This gave a major impetus to the One India plan as the STD/ISD rates were significantly reduced for the consumers. It has been more than one and half decade since the last reduction has happened, hence there is a fit case for review of entry fee once every 5 years or 10 years to foster competition in the market. However, in case such downward revision is undertaken over a short period of time, less than 5 years, then the benefit of such reduction should be provided to those licenses granted during this 5 year period. The DoT should refund the excess entry fee paid by LICENSEES in such case.

The rationale for imposing financial and performance bank guarantees is to ensure that the revenue share to the government is protected. The department has recently rationalized and reduced the quantum of bank guarantees by 80% as part of the Telecom Reforms 2021. This has resulted in easing the financial burden on telecom service providers.

Issue wise response

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.

Response



The spectrum (natural resource) has been delinked from license in the Year 2012, hence there is no case for high entry fee for telecom services. Telecom Service providers viz. NLD, ILD, ISP do not use natural resources (except for few cases of use of microwave spectrum for point to point links).

The entry fee for NLD and ILD was last revised in the year 2005, there should be a periodic review and downward revision of entry fee. The entry fee may be benchmarked with other countries standing higher levels of maturity in telecom market and regulations.

The entry fee for UL (VNO) should be further lowered to make it attractive for startups and digital services companies. This exercise should be undertaken on 5 / 10 yearly basis as decided by DoT. In case a downward revision is done for periods shorter than 5 years, then the excess entry fee paid by recent licensees (5 year period) should be refunded by DoT.

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.

Response

The entry fee for all authorizations should be rationalized on periodic basis (refer response to Q1 above).

For example, The Info-communication Media Development Authority (IMDA) www.imda.gov.sg is the regulator for Singapore.

IMDA issues licenses under two categories, viz Facilities Based Operator (FBO) and Services Based Operator (SBO). The application fee for SBO license is Nil and the application fee for FBO license is S\$ 1000, there is no entry fee prescribed for both these 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.

Response

The best practice is to benchmark the entry fee in India with other jurisdictions. Those countries may be chosen for benchmarking which rank high in globally accepted ranking criteria, for example

- ITU Regulatory ranking, 2020
- Global Competitive Index, 2019
- Digital Readiness Index, 2019
- Total Mobile and Landline Connections

This will also steer India higher in these ranking indexes, which reflect the competitiveness of the Telecom sector and attracts investments in the sector.

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.

Response

The entry fee for all authorizations of Unified License should be uniform, and the entry fee for all authorizations for UL (VNO) should be uniform but lower than that of UL.

In addition to the above, the entry fee for ISP category B and C, PMRTS, M2M should be at minimal level as these authorizations are fully services oriented and their CAPEX investments in network infrastructure is much lower.

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

Response

The amount should be arrived through a benchmarking exercise, as explained in response to Q3 above.

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.

Response

Presently there are no other licenses other than UL and UL (VNO) for telecom services.

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

Response

Yes, some amount of bank guarantee may be prescribed to protect the Government revenues, however it should be at minimum deterrent level.

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

Response

The revenue share to the exchequer is submitted within 15 days of end of each quarter. In case the license fee is not paid on due date, in our opinion a proactive approach by the CCA would pre-empt any case of potential default.

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

Response



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Yes, the financial bank guarantee and performance bank guarantee should be merged in a single amount. In addition, the guarantees (PBG and FBG both) under different license authorization viz. NLD, ILD, ISP should be combined and the LICENCEE should be permitted to furnish a single guarantee for all authorizations.

This will reduce the compliance burden on the telecom service providers, and at the same time the interest of the Government will be protected as the amount is the numeric summation of individual guarantees.

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?

Response

The single guarantee should be the numeric summation of individual guarantees, or less as may be decided by the Authority.

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

Response

The amount, tenure, terms and conditions should be uniformly applicable to new entrant and existing licensees.

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