



## **VIL Counter Comments to the TRAI Consultation Paper on “Licensing Framework and Regulatory Mechanism for Submarine Cable Landing in India”**

This is with reference to the TRAI Consultation Paper on “Licensing Framework and Regulatory Mechanism for Submarine Cable Landing in India” dated 23.12.2022 and the comments from various stakeholders on this paper, as uploaded on TRAI’s website.

We have gone through the said comments and would like to submit our counter comments to certain comments made by few stakeholders. Our counter-comments are given below for kind consideration of the Authority:

### **Question no. 2:**

1. Certain stakeholders have recommended minimum investment of 10% in submarine cable systems and minimum net-worth of Rs. 250 crore for the licensed ILDO/ISP if they want to set up CLS and terminate any cable in India over its CLS. They have recommended so by stating that it will ensure investments by financially strong operators.
2. In our view, such conditions will only favour ILDOs with big pockets as they would have financial backing to acquire stake and own subsea assets. It may lead to monopoly in ILDO – CLS segment.
3. Further, it needs to be examined that hold of such deep pocketed players on cable landing stations and international capacities, would lead to vertical price squeeze as they may be able to influence pricing and availability of such capacities to other Indian operators. Such condition also stifle the competition by pushing out relatively less financially strong ILDOs.
4. If the condition of X% investment in submarine cable systems or X crores net-worth is to apply, then it will mean huge cost for the ILDOs and even some of the existing ILDOs having CLS would not be able to meet and eventually have to shut down their CLS operations. This will kill competition at the cost of supporting financially strong players.
5. Moreover, laying conditions which only support very few financially strong players will reduce choice for Consortiums who are investing in laying of submarine cable systems— as such a requirement may, without any reasonable justification, impinge on the ability of private entities to take business and commercial decisions about their ownership patterns and structuring operations. Also, even the submarine cable operator may not



wish ILDO to acquire any stake in the submarine cable system to avoid complications in future when they may want to restructure their business.

6. **In our view, the market entry eligibility has to be kept flexible so that more and more operators can join and setup their CLS and provide capacity to various Access and ISP players. In so far, the ILDOs meet all the security related technology requirements, the licensing, regulatory norms and permission process should be kept very simple, flexible and minimal to allow entry of more operators and healthy competition.**
7. **Therefore, we urge the authority that both (i) and (ii) condition, as stated in Para 2.10 be made applicable for an ILD licensee to seek permission/security clearance for laying and maintaining the submarine cable and setting up CLS in India and no additional net-worth requirement is recommended.**

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