

By Speed Post / Mail

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To

Mr. Arvind Kumar,

Advisor (Network, Spectrum & Licensing),

Telecom Regulatory Authority of India,

Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru

Marg, New Delhi – 110002,

(Tel No.011-23220209, Fax No.011-23230056)

“Without Prejudice”

Subject: Response to Telecom Regulatory Authority of India on consultation paper dated 28th December 2012, on Definition of Adjusted Gross Revenue (AGR) in Licence Agreements for provision of Internet Services and minimum presumptive AGR.

Dear Sir,

We, Atria Convergence Technologies Private limited, a company is in the business of providing cable, broadcasting and broadband internet services to the subscribers in Bangalore city and having Category A License for the Provision of Internet Services issued under Section 4 of the Indian Telegraph Act, 1885 by Department Of Telecommunications (DOT), Ministry of Communications & Information Technology, Government of India. We write with reference to the aforementioned Consultation Paper issued by TRAI on consultation paper dated 28th December 2012, on Definition of Adjusted Gross Revenue (AGR) in License Agreements for provision of Internet Services and minimum presumptive AGR.

We herewith submit the following response to the consultation paper:

- 1. Stakeholders are requested to give their comments on definition of AGR for all three categories of ISP licences.**

Reasons:

Broadband infrastructure enables country-wide activities like health care, education, energy, job training, civic engagement, E-Governance, Government performance and public safety. Broadband is having immense potential in revenues and GDP growth in Nation.

The Hon'ble Prime Minister of India Dr. Manmohan Singh during his inaugural speech on National Telecom Policy 2012 stressed the importance of Broadband by adding that, "Broadband improves the lives of people by providing affordable access to information and knowledge. Many Information and Communication Technology applications such as e-commerce, e-banking, e-governance, e-education and telemedicine require high speed Internet connectivity. Studies show that there is a direct correlation between an increase in broadband connectivity and growth in a country's GDP. "The advent of smart phones and tablets at reasonable prices along with wide availability of telecom infrastructure across our country would provide an opportunity for us to ensure an equitable spread of broadband

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services. We must, therefore, seize this opportunity. Recognizing the significance of broadband connectivity as a tool for empowering our rural masses, our government has launched the National Optical Fiber Network project to provide broadband connectivity to all our Panchayats. I am confident that this unique project will usher a new era in telecommunications by establishing information highways across the whole length and breadth of our country, particularly in rural areas. I would urge all government departments and the private sector to work creatively to ensure that this infrastructure is efficiently used to make broadband services truly affordable.”

The objectives of National Telecom policy 2012 envisages the “**Broadband on Demand**” that “to Provide affordable and reliable broadband-on-demand by the year 2015 and to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand”. TRAI in its Recommendations on The National Broadband Plan 2010 envisaged the provision of 75 million broadband connections (17 million DSL, 30 Million cable and 28 million wireless broadband) by 2012 and 160 million broadband connection by 2014.

As per the Performance Indicator report released by TRAI for the quarter ending Sep 12, the number of internet subscribers has grown to 24.01 Million, of this, the number of broadband subscribers is 14.68 million by end of Sep 2012. These numbers are way below the target envisaged by TRAI in its Recommendations on The National Broadband Plan 2010 and National Telecom Policy 2012.

India stands at 117th position (out of 159 countries) in global ICT development index and at 20th position (out of 27 countries) in ICT development index of Asia Pacific region as per the Measuring the Information Society 2010 report released by International Telecommunication Union.

TRAI in its Recommendations on National Broadband plan 2010 estimated the set up cost of National Broadband Network (optical fibre infrastructure in Rural and Urban areas) would cost around 60000 Crores. Further in order to cater the needs of the said National Broadband Network and to fund the same, TRAI has also recommended for set up of National Optical Fibre Agency (NOFA) and State Optical Fibre Agency (SOFA) by respective Government. Till date the capital cost of said Optic fibre Network and other infrastructure is borne by the Internet service providers directly. Even with License Fee not being levied on Pure internet services, many ISP License holders are finding it difficult to commence/continue operations due to business viability issues. Hence adding up of License fee would still make the common man’s affordability in availing the said services.

Achieving the target as envisaged by TRAI in its recommendations on National Broadband Plan 2010 and in National Telecom Policy 2012 and to grow at par with global standards will be possible, only if the internet and broadband services are provided at affordable cost. In addition to the infrastructure cost and the taxes payable by ISP, if the License fee is also imposed on the ISP it would only make the cost of the services higher which the common man cannot afford. Affordability of cost in providing the internet services will enable the service providers to enhance broadband demand manifold. Broadband services can reach the urban and rural consumers only if services are offered at affordable cost as addressed by Honorable Prime Minister of India.

A handwritten signature in blue ink, appearing to read 'Ashish', is located in the bottom right area of the page.

The Market share in telecom is majorly held by Licenses such as UASL, CMTS and BSO licenses. Considering the internet and broadband services with other telecommunications services available in the country, it is very clear that it is not a level playing field and the proposal in consultation herein only makes the situation worse than aiding it.

Further if the Authority would recommend levying the License fee on internet services to prevent misuse of exemption, then the same may be levied on the service providers who are providing Internet services along with other Telecom services. In those cases said service providers may be asked to pay License fee on all services including internet services. Levy of License fee on the Internet Service Providers those who are providing only internet services shall come in the way of affordability and spread of internet and broadband in India.

ACT Comments:

Hence to provide level playing field and affordability of cost in Broadband services, AGR should exclude revenues earned from pure internet services for Internet Service Provider Licensee. Further levying license fee on Internet Service Provider Licensee providing pure Internet access would come in the way of the affordability and spread of Internet and broadband in the country and jeopardize the growth of telecom sector.

2. **Should minimum presumptive AGR be applicable to BWA Spectrum holders under Internet Service/Access Service license(s) and other licenses with or without spectrum, including access service licenses? If yes, what should the value of minimum presumptive AGR?**

We have no comments in this regard.

3. **Please suggest the amendments required in the formats of statement of revenue and licence fee reported by various categories of Internet service licensees and UAS licensees.**

We have no comments in this regard.

Thanking You,

Yours Sincerely,
For Atria Convergence Technologies Private limited



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