



Confederation of Indian Industry

Inputs on TRAI Consultation on Definition of AGR in Licence Agreements for Provision of Internet Services and minimum presumptive AGR (dated 28.12.12)

1. Only the revenue(s) from the telecom services/ streams should be taken into account for calculating the Gross Revenue for the purpose of calculating AGR. All other revenues, e.g. interest, etc. and which are unrelated to any licensed telecom activity should be excluded from the Gross Revenue;
2. All pass through revenue, for intra-circle or inter-circle roaming traffic, etc. whether for the voice or data traffic should be allowed to be deducted/ excluded on accrual basis from the Gross Revenue, while calculating/ working out the AGR; In fact deductions for pass through charges should be uniformly applied and recognize all services permitted under the license.
3. The revenue for internet services was exempted from any levy for ISPs. The Government is trying to encourage/ give a fillip to the broadband through various methods. It is fully recognized that affordability of any service is a crucial issue. The telecom service providers, other than ISPs, can play a major role in spread of broadband. Hence, the revenue from internet services for all service providers should be excluded from the Gross Revenue (as well as the AGR). This would enable the service providers to make the broadband services more affordable;
4. The possibility of multi stage assessment of revenue (and consequently the license fee & spectrum charges, etc.) resulting in cascading impact on the end user should be eliminated. The method adopted finally should not result in dual charging/ assessment of the same revenue in the hands of different service providers.
5. For the purpose of calculating the revenue share towards spectrum charges, only the revenue from wireless services should be considered as Gross revenue while working out the AGR;
6. There should not be any concept of presumptive AGR as it is contrary to the principles of revenue sharing regime adopted in 1999. Presumptive AGR will take the sector back to the pre 1999 era where irrespective of the fact whether service is commenced or not, revenue is accrued or difficulties encountered in roll out or getting statutory permissions, a fixed charge has to be paid.
