**ASSOCIATION OF COMPETITIVE TELECOM OPERATORS**
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**Regd. No. S/61593/2008**

**No.: 179/TRAI/2021-22/ACTO**
**Dated: 10th June, 2021**

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New Delhi-110002

Ref: **ACTO's Response to TRAI's Supplementary Consultation Paper dated May 19, 2021 on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed**

Dear Sir,

With reference to the *Supplementary Consultation Paper on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed* issued by Hon'ble Authority, Association of Competitive Telecom Operators (ACTO), is pleased to provide its comments.

We hope that our comments (enclosed as Annexure - I) will merit consideration of the Hon'ble Authority.

Thanking you,
Respectfully submitted

Yours sincerely,
for**Association of Competitive Telecom Operators**

**Tapan K. Patra**
**Director**

Encl: As above

Annexure-I

## ACTO's comments on TRAI's Supplementary Consultation Paper on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed

Association of Competitive Telecom Operators (ACTO) appreciates TRAI for the supplementary Consultation Paper *on "Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed*" dated 19th August 2020".

Globally, it is proven that rapid and vast penetration of high speed reliable broadband service is very important for the overall development of any country. We have seen rapid penetration of data and voice service through mobile in last decade under Digital India program. However, fixed broadband will play a very important role for enhanced speed, lower latency and reliable connectivity as compare with mobile data service. The necessity of high speed and reliable broadband connectivity has been noticed during the current pandemic period where online services including education/examination and medical consultations etc. were deeply felt to be crucial and of utmost important even for the survival.

Indian telecom market is price sensitive and availability of wireless broadband at a significantly lower price provides an alternative to majority such customers while providing them the benefits of movability and anywhere availability. Provision of wireline broadband connection by its very nature is capital intensive but has added benefits of speed, reliability, and low latency. Any further spend for getting a wireline broadband is therefore an additional burden for the customer. We believe that to lower the cost of provision of wireline broadband services incentives are required both on the supply side and demand side.

TRAI has rightly mentioned the reasons for poor penetration of fixed line broadband by stating in the consultation paper-

*"2.16 The reason for such a poor penetration of fixed-line broadband in India may be either due to supply side constraints (non-availability of service) or demand side constraints (like affordability or perceived benefits issues)".*

As mentioned in this Consultation Paper, some of the probable factors for supply side constraints could be:

- Issues related to RoW (Right of Way)
- Restricted access to building complexes and societies
- Higher cost of installation and maintenance of fixed-line network infrastructure

ACTO would like to add few more supply side constraints in addition to the above as well as on the existing demand side constraints and these are need to be addressed along with others issues. There are some existing regulatory/licensing restrictions which indirectly puts the supply side constraint to promote fixed line broad band penetration. By simply removing these existing licensing restrictions, it will rapidly enhance the supply side as well as make it more affordable by the increasing the competition. Thereby, it will address both the constraints of supply side and demand side at the same time.

**1. Removal of multiple levy of LF in B2B:**

Currently telecom service providers (Access, ILD, NLD, and ISP) are not allowed to take deduction of the charges paid towards bandwidth / leased lines procured from other telecom operators. The definition of revenue under the telecom license needs to permit charging of license fee on the principle of value addition, to prevent cascade impact on consumers resulting in levy at multiple levels. Multiple levies of License Fee lead to Double Taxation under the telecom licenses. ILD, NLD, Access and ISP are not allowed to take deduction of the charges paid towards bandwidth / leased lines procured from other telecom operators. It is allowed in few cases in the form of pass through charges for voice traffic. Request TRAI for recommendation towards the implementation of the NDCP-2018 especially as it relates to the following –

*"2.1 (b) ii. Reviewing the concept of pass through charges to align the same with the principles of input line credit thereby avoiding double incidence of levies."*

Adjustment of pass through charges are allowed in case of voice service but not for data. In order to promote fixed line broadband and to make it affordable, it is essential to allow the pass through charges for the data service as well.

Last year, DoT had removed the multiple levies of License Fee in the UL (VNO) license vide license amendment dated 24th October 2018 by permitting deduction of charges paid to NSOs after TRAI recommendation.

As this consultation paper deals with the issue of incentives or the method of giving the incentive towards the promotion of fixed broadband, we suggest that removal of multi levy of license fee will be an effective and uniform method to achieve the stated goal by the way of reduction of cost and increase in demand. Therefore, we request TRAI for a suitable recommendation to DOT to remove the existing multiple levy of license fee in B2B.

**2. Full fledge infrastructure sharing:**

The current infrastructure sharing policy is very restricted, although it has improved over last few years but still many more are left out and those can be done based on the provision made in NDCP-2018 to facilitate for the same.

1.1 *"(f) Encourage and facilitate sharing of active infrastructure by enhancing the scope of Infrastructure Providers (IP) and promoting and incentivizing deployment of common sharable, passive as well as active, infrastructure."*

In last few years, DoT had allowed sharing of passive and some of active (limited) infrastructure. Still there are restrictions on the sharing of infrastructure between various telecom operators and infrastructure providers including ISPs. This has resulted in unnecessary duplication of infrastructure. Policy must allow sharing the telecom infrastructure for optimum usage subject to mutual agreement between TSPs. It will lead to higher utilization, leading to reduction in OPEX for service providers and better business case for infrastructure creators. Globally there are no restrictions on sharing of infrastructure amongst by the license amongst own license. Current need is to allow full fledge sharing of infrastructure.

We request TRAI to push DoT to start the process for allowing full-fledged sharing of active and passive infrastructure between various telecom operators and infrastructure providers. More so, ISPs should be allowed to sell connectivity to other TSPs. Currently ISPs are not allowed to sell connectivity to other ISPs alone. ISPs can buy connectivity from other TSPs including ISPs.

We would like TRAI for giving a recommendation to DOT to allow ISPs to sell their spare bandwidth resources to other TSPs, remove the double levy of license fees in particular with data services and for full-fledged infrastructure sharing among the licensed service providers.

**3. Allow ISPs to share the spare resource available in the last mile connectivity to other TSPs like NLD/ILD**

We would like to bring to your kind attention that ISPs have been allowed since 2004 to create last mile connectivity to provide service to their customers. ISPs can also take bandwidth from TSPs including other ISPs to serve their customers. But the ISPs are not allowed to share the excess bandwidth to other TSPs who are not ISPs in spite of having spare bandwidth. The relevant clause of ISP license and guidelines is given below:

Guidelines and general information for grant of license for operating internet services dated 24th August 2007

*"25. 'Last mile' linkages shall be freely permitted within local area either by fibre optic or radio communication or underground copper cable for ISPs. In case of radio links, clearance from WPC wing of the DOT shall be required to be obtained by the ISPs."*

License Agreement for provision of Internet Services dated 16th October 2007

*24.1 "Direct interconnectivity between two separately licensed ISPs is permitted. ISPs are allowed to provide Internet Gateways after obtaining Security clearances through the Licensor. The licensee may obtain the transmission link or leased Line from any operator authorised to leased such links to the ISPs. The licensee may also establish its own transmission links within its service area for carrying traffic originated and terminating by its subscribers".*

In the NLDO/ILDO license, ISPs are not in the list to provide the last mile connectivity to share their spare resources. The said clause is reproduced below for ready reference:

*"2.2(b) ILD service provider can enter into an arrangement for leased lines with the Access Providers/NLD service provider……."*

*"2.2(d) NLD service Licensee shall be required to make own suitable arrangements / agreements for leased lines with the Access Providers for last mile……."*

We would like to bring your kind attention that both above two clauses exclude ISP to enter into the agreement with NLDO/ILDOs. It would be a B2B service not B2C service.

The physical infrastructure in the last mile segment is very important and crucial element to provide high quality services. The last mile connectivity of ISPs apart from other telecom licensees

can also be used to provide VPN similar to what is being currently sourced from Access Service Providers and NLDOs. The benefits and rationale to use the last mile connectivity of ISPs by NLDOs/ILDOs are as under:

1. DoT is promoting sharing of active and passive infrastructure among TSPs for optimum utilisation of telecom resource. Sharing of last mile connectivity of ISP for the purpose of providing lease line service will be very productive in nature for both ISPs and NLDOs. It will lead to optimum utilisation of the infrastructure and the capacity thus created.
2. It will make VPN services more affordable by increasing the competition with the availability of more options by utilising the resource of ISPs.
3. It will also enhance the quality of service by the way of having option for redundancy in the last mile connectivity which contributes more to the down time.
4. It will also facilitate the deployment of new emerging services.

Last mile connectivity is currently provided by using media of copper wire, wireless, WiFi Hotspot, satellite, cable used for TV and optical fiber. Among these optical fiber provides the highest quality as well as high bandwidth but at the same time it is costly. By removing the license restriction on utilization of ISP's last mile connectivity to TSPs will be very helpful for the growth of data services and a win-win situation for all - industry, customers and the government. This will further facilitate the government's flagship program Digital India by proper utilizing the optical fiber capacity of Bharatnet project.

We would therefore request the Authority to recommend for the amendment of the ISP license to allow service / connectivity to other TSPs as this will lead to optimum resource utilization for the ISPs, TSPs will get more choice and better quality. This will not only enhance the completion among the service providers that will bring down the cost and making it more affordable.

In order to make it effective, we also request TRAI to recommend for the minor amendment in both NLD/ILD license to add ISP along with the Access Service Providers/NLD Service Providers in the license condition.

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