



**Spectra's response to the TRAI Consultation Paper on Ease of Doing Business in Telecom
and Broadcasting Sector**

We welcome the Authority's initiative in issuing this Consultation Paper to seek the inputs of the industry on promoting the Ease of Doing Business.

At the outset, we would like to submit that the compliance requirements of the respective licenses issued by DoT and the reporting requirements prescribed by TRAI requires mobilisation of resources at a cost whether monetary or human efforts. We submit that efforts should be made to maintain a balance so that the compliances and the reporting requirements are minimised without compromising on the quality of services provided to the customers while ensuring that there is no additional burden on the operators especially those operating in the provision of fixed line broadband services who are reeling under intense competition, high input costs and the impact of the COVID pandemic while trying to cater to the connectivity needs of the nation.

The recent telecom reforms issued by the Government aimed at addressing the various issues faced by the telecom industry and it has undoubtedly assisted to promote the ease of doing business. These reforms were pathbreaking and were much awaited. We believe that the current reforms and those that are in the pipeline will help to push the sector in the right direction so that it not only helps to expand the reach of mobile broadband but also fuels the growth of fixed line broadband in the country so that more people can have access to the power of internet irrespective of their location and geography.

The provision of fixed line broadband services is capital intensive in nature and the capex spent is only recovered over the life cycle of the customer as the recovery is not immediate. This segment in the telecom sector has service providers of varied category ranging from big ISPs with deep pockets and resources to medium and small ISPs who are striving hard to provide the last mile connectivity to their customers. The penetration of fixed line broadband services can be increased by promoting innovation in the sector, reducing the compliance and reporting requirements, encouraging more investments and ensuring a free hand to the service providers. It is to be noted that due to the presence of competition in this segment,

the customer always has enough options available at his disposal to switch from one service provider to another in case he is dissatisfied with his current service provider wrt provision of fixed line broadband services.

In the current scenario of COVID pandemic, the need to stay seamlessly connected for personal and professional reasons has increased manifold. Various measures are needed to be taken to remove the bottlenecks in the process of delivering quality services to the existing customers and also expanding the reach of these services to the areas that are untapped and where the access of fixed line broadband services is currently a challenge. In this context, we wish to share our comments / views on certain questions raised in the consultation paper along with few additional submissions for your kind consideration:

Q2. Whether the present system of licenses/permissions/registrations mentioned in para no. 3.81 or any other permissions granted by DoT, requires improvement in any respect from the point of view of Ease of Doing Business (EoDB)? If yes, what steps are required to be taken in terms of:

- a. Simple, online and well-defined processes**
- b. Simple application format with a need to review of archaic fields, information, and online submission of documents if any**
- c. Precise and well-documented timelines along with the possibility of deemed approval**
- d. Well-defined and time bound query system in place**
- e. Seamless integration and approvals across various ministries/departments with the end-to-end online system**
- f. Procedure, timelines and online system of notice/appeal for rejection/cancellation of license/permission/registration Give your suggestions with justification for each license/permission/ registration separately with detailed reasons along with examples of best practices if any.**

Comments:

1. The complete process i.e. right from the start of filing the application till the issuance of the final permission / licenses / registrations should be made online. In case of any query

or the requirement to submit additional documents should be informed to the applicant in a time bound manner.

2. The validity of a UL / UL VNO begins from the date when the first service authorisation becomes effective. For instance, if a licensee obtains the UL which has validity of 20 years and applies for another service authorisation in the 15th year, even then it has to pay the complete Entry Fee for the respective service authorisation and it is not prorated for the duration for which the UL is remaining i.e. 5 years. This is unfair towards the operators as they pay the complete Entry Fee while they can operate only for the remaining validity of the license. **It is requested that the Entry Fee charged for the subsequent authorisations applied under UL / UL VNO should be prorated for the balance period of the validity of the license.**

Q17. Whether the extant mechanism of reporting and filing at the SARAS portal and the offices of Controller of Communication Accounts (CCA) simple and user-friendly? If not, what measures are required to make it simple, transparent, and robust? Justify your comments.

Q18. Whether any issues are being faced by the telecom service providers during declaration and verification of documents for deduction claimed from the Gross Revenue and special audits of revenue? If yes, provide your comments with the reasons thereof.

Comments:

1. With the introduction of the SARAS portal (a revenue management system), the operators are required to submit the details of the revenue of the respective licenses held by them (license wise AGR filings - both quarterly and annual) on the portal itself. It has helped to create an online record of the details filed by the operators and is used for the purpose of assessment of license fees of the operators along with the other functionalities of BG maintenance, issuance of notices to operators etc.
2. Presently, the operators are required to fill the AGR format on the SARAS portal along with the upload of documents such as affidavit, statement of revenue and license fees,

covering letter etc along with the physical submission in the respective CCAs. The quarterly submission of AGR figures made by the TSP on the SARAS portal are also verified by an AADHAAR based OTP process.

As the payments are already done online, details are filled in the SARAS portal and verified through AADHAAR based OTP, therefore, the operators **should be exempted from the mandatory upload / physical submission of documents on the SARAS portal at the time of quarterly submissions and it should be made optional. Thereafter, the documents can be uploaded / physically filed on an annual basis after due certification from the Statutory Auditor.**

3. In case of UL VNO Access (Category B) i.e. district wise licenses, the License Fees and its related compliances are currently submitted district wise in the respective CCAs. This increases the workload of the operators, as the submission is not centralised and in case of multiple districts, the submission is to be made in various respective CCAs. **It is requested that the submission and assessment in case of UL VNO Access (Category B) should be done at the CCA office where the registered office of the operator exists instead of in the respective CCAs which is the current practise.**
4. The process of deduction verification should be made simpler by relying **on the certification provided by the Statutory Auditors** instead of the current practise of submission of multiple documents such as AO, AG, payment proofs, supporting invoices, bank statements, TDS returns etc which runs into hundreds and thousands of pages. **The submission of a certificate issued by the Statutory Auditors is an already accepted practise** in case of NLD and ILD licenses in which the verification of deduction is based on Statutory Auditor's certificate detailing the quarter wise operator wise call charges (access charges) actually paid to each operator during the year and **no other supporting document is required for deduction claim.**

It is submitted that the above-mentioned process of **submitting the Statutory Auditor's certificate detailing the quarter wise operator wise call charges should be allowed for**

all licenses and financial years. The report of the Statutory Auditor is comprehensive in nature after duly verifying the supporting documents such as payment proof, invoices and the associated entries in the books of accounts and should be relied upon during the assessment process.

Q19. What improvements do you suggest in the various extant audit processes conducted by DoT LSAs? How the process of the Customer Acquisition Form (CAF) audit can be further simplified? Provide your comments with justifications.

Comments:

1. The audits conducted by the DoT LSA units involves various matters that are handled by the central teams of the operators as all the policies related to the same are managed by the central teams instead of the teams stationed at various service areas. Therefore, it requires the teams stationed at the central offices to travel to the respective LSA units to attend these audits while they are also handling the compliances in parallel which increases the workload and the cost of compliance.
2. To promote the ease of doing business and the spread of fixed line broadband services in the country, we propose that such scheduled and regular audits should be discontinued and the operator can be asked to provide a self-certification of compliance to the license requirements at regular intervals. In any case, the licensor has adequate provisions in the license to take appropriate action in case an operator is found to be non-compliant to the licensing conditions.

However, if at all an audit process has to be followed then the circle wise audit should get replaced by a central audit to be conducted by DoT for licensees especially those that are not restricted to a service area [(for instance ISP A (National Area))] and one TERM cell should be designated for such audit. This TERM cell should be preferably located in the service area in which the registered office of the licensee exists.

Q21. TRAI seeks multiple reports through its multiple divisions at predefined frequency intervals. Reports submitted by operators are examined and for non-compliances, show cause notices are issued and financial disincentives are imposed, wherever applicable. Do you think there is a need to improve reporting and compliance system in TRAI? Please elaborate your response with justifications.

Q22. Identify those redundant items which require deletions and at the same time the items that need to be included in the reporting and regulatory compliance systems due to the technological advancements. Suggest such changes with due justifications.

Q23. What kind of IT-based reports and compliance submission processes do you suggest in TRAI? Provide your comments.

Comments:

- 1. Submission related to Accounting Separation Reports:** The Authority has mandated the operators to prepare financial and non-financial reports for every accounting year based on Historical Cost Accounting for all the services and for every second accounting year based on Replacement Cost Accounting for Access services (wireless and wireline), National Long Distance and International Long Distance services.

We submit that for arriving at the Replacement Cost of any product numerous activities are involved. These include the valuation of an asset, analysing the existing asset, ascertaining its aging and profiling etc. Moreover, there is a challenge in getting quotes from the vendors to ascertain the current cost of an asset which is the basic requirement for preparing the ASR basis the replacement cost accounts. Moreover, due to the rapid change in technology, it is very difficult to ascertain the replacement cost of the asset as it may have been replaced by a more technologically advanced product and the existing product may no longer be available in the market. **Therefore, in view of the practical difficulties in the preparation of accounting separating reports basis replacement cost accounting, it is requested that submission of such reports should be discontinued by the Authority.**

2. As per the Telecommunication Tariff (Fifty Ninth Amendment) order, 2014 (No. 8 of 2014), an ISP is exempt from the reporting requirement during a financial year if the total number of its subscribers is less than 10,000 on the last day of the preceding financial year. The reporting requirements of TRAI are difficult to comply with by smaller ISPs due to scarcity of adequate resources and systems. In view of the same and to promote the ease of doing business **it is requested that the said reporting requirement should be exempted for ISPs having a subscriber base upto 50,000.**
3. As per the Authority's Telecom Consumers Complaint Redressal Regulations, 2012 notification, every service provider is required to establish a Complaint Centre for redressal of complaints and for addressing service requests of consumers. Further, an operator is required to set up a Call Centre which becomes the Complaint Centre for the purpose of these Regulations along with other requirements.

It is submitted that in a free and open market in which the fixed line broadband players operate, such requirements lead to additional burden of cost which can be otherwise used to invest in improving the experience of the customers. These regulations are more suited to monitor the services offered by mobile service providers in which the option to switch from one service provider to another is limited due to the existence of fixed number players in the market while in the fixed line broadband space, the market is dynamic with the presence of multiple service providers with varied service offerings to meet the needs of the customers.

In view of the above, **we propose that the requirement to maintain a Call Centre, provision of a Toll-Free Number and the related requirements as mandated through the above-mentioned Regulation should not be mandatory for fixed line broadband service providers. Further, the Toll Free number can be replaced by a landline or mobile number on which the customer can contact and raise his concerns.** This will help the fixed line broadband service providers to save substantial cost while no additional burden is imposed on the customer due to the vast adoption of bundled plans offered by mobile service providers which offers unlimited voice calls.

Additionally, a fixed line broadband customer always has the option to lodge his complaint on the online service portal of his service provider, emails, social media applications and service apps that are available to him. It has been seen that in many of the e-commerce sites, the complaints can be raised and tracked more effectively through this medium.

4. The timelines to submit the reports should be reviewed to provide sufficient time period to the operators to ensure submission of the reports to the Authority. Nevertheless, in **case there is any delay in the submission of a report, then financial disincentives should not be imposed as various operators** find it challenging to adhere to the reporting requirements in addition to ensuring compliance to the applicable Regulations / Orders / Directions issued by the Authority.

Additional Submissions:

1. Any guidelines / clarification / orders issued by the DoT HQ should be followed by a joint workshop with the relevant stakeholders including the operators and its representative bodies to avoid varied interpretation of the said instructions and for addressing the related queries. This will also help to avoid any future litigations and bring all the stakeholders on a common platform.

Further, any representation / application / approval / request filed by a licensee with the licensor should be responded back with clear actionable within a specified / fixed period to avoid any inordinate delays. It is important to note that various requests / proposals are time bound and any delay in revert leads to increasing the cost of compliance for the operators.

2. The recent AGR amendments issued by DoT which are applicable wef 1st October 2021 had excluded the “Revenue from operations other than telecom activities / operations” from the Gross Revenue (GR) to arrive at the Applicable Gross Revenue (ApGR).

As there is no clear definition on what comprises the “Revenue from operations other than telecom activities / operations”; it is likely that many revenue streams which may appear to be ancillary or incidental to telecom services and for which no telecom license is required by an operator will also get included in the AGR.

We request that in order to avoid such ambiguity and any future litigation in the telecom sector, due clarity should be provided that LF should be applicable on the activities for which a Telecom License is required and which is granted by DoT under Section 4 of the Indian Telegraph Act 1885. Therefore, all the other activities (whether ancillary or incidental to telecom services or otherwise) for which a Telecom License is not required would get covered under the head of “Revenue from operations other than telecom activities / operations” and excluded from the purview of LF.

Further, the list of “Other Income” to be excluded from Gross Revenue (GR) to arrive at the Applicable Gross Revenue (ApGR) should be made more exhaustive, comprehensive and should be reviewed on a periodical basis.

3. With effect from 15th June 2021, a licensee shall only connect Trusted Products in its network and also seek the permission from the Designated Authority (National Cyber Security Coordinator) for upgradation of existing Network utilizing the Telecommunication Equipment not designated as Trusted Products. It is submitted that the Designated Authority should release the list of Trusted Sources and Trusted Products so that the operators have a clear visibility about the OEMs (original equipment manufacturers) that have been approved by the Designated Authority and can plan their sourcing. The non-availability of such a list has only added to the prevailing confusion amongst the service providers.