



TTL/TRAI/T-83/2015
16th December- 2015

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Telecom Regulatory Authority of India,
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Subject: Response to TRAI Consultation Paper on Implementation Model for Bharat Net

Dear Sir,

This is in reference to Consultation Paper No. 5/2015 dated 17th November 2015 on **Implementation Model for BharatNet**

As desired, we hereby enclose our comments to the questions raised in your above-mentioned consultation paper. We sincerely hope that our views would be given due cognizance.

Thanking you and assuring you of our best attention always.

Yours sincerely,


Satya Yadav
Addl. Vice President – Corporate Regulatory Affairs
Tata Teleservices Limited
And
Authorized Signatory
Tata Teleservices (Maharashtra) limited

Enclosure: As above

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**TTL Response to
TRAI Consultation Paper on Implementation Model for BharatNet**

Q.1 The “Report of the Committee on NOFN” has recommended three models and risks/advantages associated with these models. In your opinion what are the other challenges with these models?

Q.2 Do you think that these three models along with implementation strategy as indicated in the report would be able to deliver the project within the costs and time-line as envisaged in the report? If not, please elucidate.

TTL Comment:

- In our opinion all the three models suggested by the Committee on NOFN, could be well suited for implementation of BharatNet, however, there are many challenges in terms of the implementation strategy adopted for these models of which, some are also enumerated by TRAI in its own paper.
- We feel that there is a merit in the recommendations regarding executing agency in some states as suggested by the committee e.g. CPSU led model in states like J&K, LWE affected states and NE regions as well as State Government-led Implementation Model.
- The primary risk in any model is the availability of project management capacities in the communication space so as to technically design and manage a project of the complexity envisioned.
- As the report has highlighted some of the flaws in the project implementation strategy it is important that this key infrastructure project should be implemented as a turnkey project. The Technical and project implementation competencies should be the core criteria for selection of the implementation agency instead of least cost based criteria.
- A monitoring agency should be constituted to directly monitor the project's progress for adherence to the cost and time lines of the project. The implementation agency should be allowed to exploit the embedded Fibre and Access Infra.

Q.3 Do you think that alternate implementation strategy of BOOT model as discussed in the paper will be more suitable (in terms of cost, execution and

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quality of construction) for completing the project in time? If yes, please justify.

Q.4 What are the advantages and challenges associated with the BOOT model?

TTL Comment:

- BOOT model as an implementation strategy is not so well suited for implementation of BharatNet at this stage as this project has many major issues including infusion of very large order of capital by the infrastructure developer himself and its repayment through the subsequent revenue that is earned by utilization of that infrastructure.
- **Return on investment** especially in the short term horizon, from the rural India seems commercial non-feasible
- Despite BOOT model having been successful in other infrastructure projects development, whether it shall be equally lucrative for the highly competitive Indian telecom market is a big question in itself.
- It is also felt that the BOOT model could lend itself to creation of monopolistic tendencies by the project implementer as he would be in a position to exploit his ownership of the infrastructure while subletting the services of the network irrespective of him being a retailer of telecom services or not.

Q.5 What should be the eligibility criteria for the executing agency so that conflict of interest can be avoided?

Q.7 What measures are required to be taken to avoid monopolistic behaviour of executing agency?

Q.8 What terms and conditions should be imposed on the executing agency so that it provides bandwidth / fibre in fair, transparent and non-discriminatory manner?

TTL Comment:

- As we are of the view that BOOT model as an implementation strategy is not so much tailor made or provides one of the better suited for implementation of BharatNet.

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- However, at the same time it is pertinent to define the eligibility criteria of the implementation body/execution body that will be driving the successful rollout of the project.
- The executing agency should have adequate experience, expertise, finance and infrastructure to execute the project in a time bound manner without compromising the quality.
- It should have capability to rope in quality partners, say for optimum equipment installation, maintenance etc.
- Adequate competition should be ensured and if necessary along with suitable regulatory intervention and primary eligibility criteria like International experience, track record, experience of bidders and financial soundness.
- Also to avoid any conflict of interest and monopolistic behavior the Authority should frame suitable terms and conditions for bandwidth / fibre etc to TSPs or users in a non-discriminatory manner.
- Additionally, the provisions could also be kept open so that the TSPs could buy or sell based on market needs, (contribute to) the dark fibres or Provide and obtain bandwidth, based on their own existing infra and also what they propose to install in future, in a fair and transparent manner, and which also, should make business sense to TSPs.
- Also, TRAI may regulate the whole sale prices of the services that are provided over the network that is implemented as a BOOT model.

Q.6 Should there be a cap on number of States / licensed service area to be bid by the executing agency?

TTL Comment:

- No, there should be no cap on the number of States / licensed service area to be bid by the executing agency. There may be reasonable cap so that there is more of a competition and does not lead to monopoly.

Q.9 What flexibility should be given to the agency in terms of selection of route of laying optical fibre, construction, topology and deployment of technology?

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TTL Comment:

- Any deviation by the implementation agency need to appropriately approved by authorized competent agency/government. The agency should have enough and proper reasoning for any deviations.

Q.10 What should be the methodology of funding the project? In case of VGF, what should be the method to determine the maximum value of VGF for each State / service area and what should be the terms and conditions for making payments?

TTL Comment:

- Since many of the areas are not viable for the private players, maximum viability gap funding should be provided for the entire project. The method to determine the maximum value of Viability Gap Funding, detailed economic study should be carried out on the basis of terrain / demographic data of the area and other essential parameters.

Q.11 What kind of fiscal incentive and disincentive be imposed on the agency for completing the project in time / early and delaying the project?

TTL Comment:

- For the successful implementation of the BharatNet project it is important to define the incentives as well as the disincentives on the implementation agency which could be -
 - i. Monetizing the existing fibre and infrastructure of the TSPs would be the most appropriate incentive for the private TSPs to participate actively in execution and operationalization of BharatNet Network.
 - ii. Incentives such as reduced taxation for remote areas, reduction of levies, tax holidays, reduction of license fees etc can be provided for completion of the project on time / before time.
 - iii. Delay in project implementation should attract stiff penalties, subject to those delays not being attributable to issues beyond the control of the implementation agency. E.g. ROW, Forest Clearances, etc.

Q.12 What should be the tenure / period after which the ownership of the project should be transferred to the Government?

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Q.13 Do you think that some measures are to be put in place in case the executing agency earns windfall profits? How should windfall profits be defined?

TTL Comment:

- In case there is windfall profit, the duration of the contract should remain 25 to 30 years (though there could be issues about the life Cycle of the Optical Fibres itself) and measures like sharing of revenue subject to a maximum reasonable limit (say 5 -7 % - though this figure is debatable should be put in place to ensure that the exchequer is not short charged in case the executing agency earns windfall profits.
- Additionally, there could be a process which can provide faster and progressive ROIs to the investors and contributors to the project.

Q.14 Whether there is a need to mandate the number of fibres to be offered as a dark fibre to other operators to ensure more than one operator is available for providing bandwidth at GP level?

TTL Comment:

- There is a need to mandate (a) laying of minimum 48 core fibre and (b) reserving about 50% or so of total fibres to be offered as a dark fibre to other operators to ensure more than one operator is available for providing bandwidth at GP level.

Q.15 What measures are required so that broadband services remain affordable to the public at large?

TTL Comment:

- Adequate competition, monitoring by the Authority along with innovative technology and fiscal incentive would ensure affordable broadband services to the public. This can be ensured through a number of ways viz. by the use of innovative technology, by ensuring competition in providing bandwidth to retail TSP/ISP/CSPs , by allowing Central & State Governments and their agencies to buy bandwidth through the transparent process of competitive procurement for providing services.

Q.16 What safeguards are to be incorporated in the agreement entered between Government and executing agencies if RoW is not being granted to the executing agency in time?



TTL Comment:

- We request that a Tripartite Agreement (TPA) amongst the Central Government, State Government and the implementation agency with a clause that the Government should take responsibility to clear any kind of hurdles that arises on account of Right of Way, Power supply, Space and any other aspects related to clearance etc. for expeditious and timely execution of the project.

Q.17 The success of BOOT Model depends on participation of private entities which will encourage competition. What measures should be adopted to ensure large scale participation by them?

TTL Comment:

- We feel the government need to create environment for easy and long term business to ensure large scale participation. TTL suggests following measures which will ensure large scale participation of private entities.
 - Regulatory & policy support for **ROW**
 - Protection in long term investment
 - To provide safeguards for unmitigated losses

Q.18 Please give your comments on any other related matter not covered above.

TTL Comment:

- Need for formulation of national policy for Coordinated Infrastructure Development. There is an urgent need to put in place a national policy for coordinated development of Infrastructure projects so as to ensure that the development of one project is not detrimental to the already existing infrastructure and that there is no disruption of existing services. Such a policy assumes significance to ensure uninterrupted data connectivity and longevity of the optical fiber as frequent cuts would lower its efficacy much earlier than its designated lifespan.

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