

To  
Shri Akhilesh Kumar Trivedi,  
Advisor (Networks, Spectrum and Licensing),  
Telecom Regulatory Authority of India

**Sub:** Counter Comments on the responses to TRAI Consultation Paper on Framework for Service Authorisations to be Granted Under the Telecommunications Act, 2023

Dear Sir,

With reference to the Consultation Paper issued by Telecom Regulatory Authority of India on **'Framework for Service Authorisations to be Granted Under the Telecommunications Act, 2023'**, Extreme Infocom Pvt. Ltd., would like to put forth its counter comments on the responses to this consultation paper from some stakeholders.

In this regard, we would like to share our counter-comments and related recommendations on the questions pertaining to the overall authorisation regime and regulation of IXPs and CDNs in particular.

***Q.2 Whether it will be appropriate to grant authorisations under Section 3(1) of the Telecommunications Act, 2023 in the form of an authorisation document containing the essential aspects of the authorisation, such as service area, period of validity, scope of service, list of applicable rules, authorisation fee etc., and the terms and conditions to be included in the form of rules to be made under the Telecommunications Act, 2023 with suitable safeguards to protect the reasonable interests of the authorized entities in case of any amendment in the rules? Kindly provide a detailed response with justifications.***

Several stakeholders like Nelco, Oneweb India Communications, Vodafone Idea, Hughes Communications, Reliance Jio, Ishan Netsol, Bharti Airtel, Tata Communications, are of the opinion that transitioning to a general authorization framework might lead to reduced regulatory clarity and oversight. They argue that detailed terms and conditions should remain in the authorization documents to ensure transparency and prevent ambiguity. There are concerns that a simplified approach could undermine regulatory stability and protections, emphasizing the need for continued detailed regulatory processes and comprehensive safeguards to address specific needs and avoid unintended consequences.

However, adopting a general authorization framework for all services that do not use scarce resources or pose a risk to public health and national security, will not only ease the administrative burden for businesses but also enhance predictability and transparency in the regulatory process. It allows for a clearer focus on strategic oversight rather than procedural compliance, facilitating quicker deployment of new services and technologies. **Moreover, this principle aligns with international best practices seen in the European Union, Australia, and Singapore**, where minimal restrictions are applied to electronic communications to enhance market efficiency. For example, the European Electronics Communication Code promotes market efficiency and administrative simplicity by minimizing restrictions, a principle that our proposed framework supports by streamlining regulatory processes and reducing administrative burdens.

**The legislative intent of the Telecommunications Bill, 2023 is evident from the deliberations on the floor of the Lok Sabha, where it was emphasized that the Bill seeks to simplify regulatory processes, including streamlining the licensing regime into a single authorisation process.<sup>1</sup>** This reflects a clear focus on facilitating ease of doing business within the telecom sector. Along the same lines, we believe that transitioning to a general authorization framework is essential for promoting a more dynamic and competitive telecommunications sector in India. Our recommendation aims to simplify the regulatory environment by reducing barriers to entry and fostering innovation. By focusing regulatory oversight on services that utilize scarce resources or pose significant public health risks, we ensure that interventions are both necessary and justified, preventing overreach.

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***Q4. In view of the provisions of the Telecommunications Act, 2023, what safeguards are required to be put in place to ensure the long-term regulatory stability and business continuity of the service providers, while at the same time making the authorisations and associated rules a live document dynamically aligned with the contemporary developments from time to time? Kindly provide a detailed response with justifications.***

Largely, the stakeholders align on the point that for ensuring long-term regulatory stability and business continuity under the Telecommunications Act, 2023, changes to the authorization regime should be infrequent, carefully considered, and preceded by thorough stakeholder consultations, including TRAI.

While that remains a fair consideration, we believe that this should not become a reason for continuing the burdensome regime that currently exists. Under the new regime heralded under the Telecom Act, 2023, it is imperative to prioritize ease of doing business and removing entry barriers particularly for services that do not rely on scarce resources such as wireline broadband. Simplifying the licensing process to allow even sole proprietors to start wireline broadband businesses will foster greater competition and innovation, leading to a more vibrant and consumer-friendly market. This inclusivity will drive greater participation, leading to enhanced services for consumers and a more dynamic industry overall.

Furthermore, to reduce the administrative burden on service providers, the Act should incorporate provisions for automatic data retrieval, such as API-based integration, for compliance purposes. This would eliminate the need for cumbersome reporting requirements, allowing providers to focus on service delivery rather than regulatory paperwork. Additionally, the government could offer centralized storage solutions for logs like IPDR records, further easing the operational responsibilities of service providers.

Together, these measures would create a regulatory environment that is both stable and responsive to contemporary developments, supporting the long-term growth and sustainability of the telecommunications sector.

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<sup>1</sup> <https://sansad.in/ls/debates/digitized>

***Q5. In addition to the service-specific authorisations at service area level, whether there is a need for introducing a unified service authorisation at National level for the provision of end-to-end telecommunication services with pan-India service area under the Telecommunications Act, 2023? Kindly justify your response.***

***Q6. In case it is decided to introduce a unified service authorisation at National level for the provision of end-to-end telecommunication services- (a) What should be the scope of service under such an authorisation? (b) What terms and conditions (technical, operational, security related, etc.) should be made applicable to such an authorisation? (c) Would there be a need to retain some of the conditions or obligations to be fulfilled at the telecom circle/ Metro area level for such an authorisation? (d) Should assignment of terrestrial access and backhaul spectrum be continued at the telecom circle/ Metro area level for such an authorisation? (e) Any other suggestion to protect the interest of other authorized entities/ smaller players upon the introduction of such an authorisation. Kindly provide a detailed response with justification.***

There is a compelling need to introduce a unified service authorization at the national level for the provision of end-to-end telecommunication services under the Telecommunications Act, 2023. The legislative reform aims to simplify the business environment, remove entry barriers, and promote ease of doing business across the telecom sector. To this effect, a national-level authorization, free from geographical limitations, would allow service providers to operate according to the capabilities of their networks, both technically and geographically, without being constrained by predefined service areas.

On the one hand, stakeholders like Audiotex & AudioConferencing Service Providers Association of India (AACSPAI), AA+ Consultants, Phonon Communications, etc. have correctly pointed out that, in India, service area specifications have become largely unnecessary due to advancements like number portability and bundled NLD costs. A "one-service, one-nation" approach should be adopted, allowing for seamless national operations. Introducing a unified national service authorization under the Telecommunications Act, 2023 could significantly streamline regulations, foster innovation, and attract investment by reducing administrative burdens. This pan-India license would enable telecom operators to provide seamless services across the country without needing separate authorizations for each telecom circle or metro area, leading to a more integrated and efficient national service offering.

On the other hand, Tata Communications Ltd., has suggested introducing a unified service authorization at the overlay level while retaining service-specific authorizations on a subordinate layer. However, it is crucial to point out that this would essentially mean retaining the current licensing system, which contradicts the objectives of reducing complexity and enhancing ease of doing business. The existing framework creates unnecessary administrative burdens and can stifle innovation by limiting the flexibility of service providers.

Contrary to concerns that a unified national authorization might be anti-competitive or disadvantage smaller and niche service providers, it would actually promote a level playing field by allowing all providers to compete. The suggestion that such an authorization would introduce additional levels of reporting and increase costs is unfounded. In fact, the opposite is true: a unified system would reduce the need for multiple, redundant authorizations and the associated reporting requirements, thereby lowering operational costs and fostering greater competition.

Thus, the service-specific authorizations should be abolished and replaced with a nationwide unified authorization. Service providers should be allowed to offer services based on their business viability, which will further ensure ease of doing business and promote a dynamic telecommunications ecosystem across India.

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***Q7. Within the scope of Internet Service authorisation under the Telecommunications Act, 2023, whether there is a need for including the provision of leased circuits/ Virtual Private Networks within its service area? Kindly provide a detailed response with justifications.***

***Q8. In case it is decided to enhance the scope of Internet Service authorisation as indicated in the Q7 above, - (a) What should be terms and conditions (technical, operational, security related, etc.) that should be made applicable on Internet Service authorisation? (b) Any other suggestion to protect the reasonable interests of other authorised entities upon such an enhancement in the scope of service. Kindly provide a detailed response with justifications.***

Expanding Internet Service Authorization to encompass leased circuits and VPNs aligns with the legislative intent of reducing regulatory hurdles and facilitating easier business operations. This reform will support a more dynamic and competitive market, better meet the needs of consumers, and ensure that India's regulatory framework remains relevant in the face of technological advancements.

However, IAFI, COAI, AA+ Consultants, Lightstorm Telecom Connectivity, Vodafone Idea, Ishan Netsol, Sify, Tata Teleservice, Bharti Airtel and TCL oppose this and argue that including leased circuits and VPNs in Internet Service Authorization under the Telecommunications Act, 2023, would harm the financial viability of existing NLD and ILD operators, who have invested heavily under stricter regulatory conditions. They also cite historical decisions, like the 2005 TDSAT ruling, to justify excluding these services from ISP authorizations, asserting that ISPs should obtain separate authorizations for such offerings to maintain a level playing field.

On the contrary, we advocate for the pertinence of expanding scope of ISP authorisation. We believe that this conservative approach fails to acknowledge the evolving nature of the telecommunications landscape and the need for regulatory frameworks to adapt to technological advancements and market demands. Expanding Internet Service Authorization to include leased circuits and VPNs is necessary for fostering competition and innovation. Allowing ISPs to monetize their infrastructure with these services will reduce costs and benefit consumers, **aligning with the Telecommunications Act's goal of simplifying business operations and reducing regulatory barriers.** The demand for integrated services and international best practices support this shift, making it a logical evolution for India's regulatory framework.

It is important to recognize that the telecommunications landscape has significantly evolved since the TDSAT ruling in 2005. The market dynamics and technological capabilities of today necessitate a reassessment of how services like VPNs and leased circuits should be regulated. By integrating these services into the ISP authorization, we modernize the regulatory framework to reflect current market needs and global best practices.

In fact, global best practices increasingly support the inclusion of VPN services within ISP authorizations. In progressive telecommunications markets like the EU, USA, Singapore, etc., the legislature does not explicitly prohibit ISPs from providing VPN services. By aligning with these international trends, India can enhance its competitiveness and ensure that its regulatory environment is conducive to the growth of digital infrastructure and services. Therefore, the inclusion of leased circuits and VPNs within the scope of Internet Service Authorization under the Telecommunications Act, 2023, is not only justifiable but necessary, ultimately benefiting consumers and the broader economy.

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***Q13. Whether there is a need for merging the scopes of the extant Infrastructure Provider-I (IP-I) and DCIP authorization (as recommended by TRAI) into a single authorisation under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.***

***Q14. In case it is decided to merge the scopes of the extant IP-I and DCIP (as recommended by TRAI) into a single authorisation under the Telecommunications Act, 2023, - (a) What should be the scope under the proposed authorisation? (b) What terms and conditions should be made applicable to the proposed authorisation? Kindly provide a detailed response with justifications.***

***Q15. Whether there is a need for clubbing the scopes of some of the other authorisations into a single authorisation under the Telecommunications Act, 2023 for bringing more efficiency in the operations? If yes, in your opinion, the scopes of which authorisations should be clubbed together? For each of such proposed (resultant) authorisations, - (a) What should be the scope of the service? (b) What should be the service area? (c) What terms and conditions (technical, operational, security, etc.) should be made applicable? Kindly provide a detailed response with justification.***

***Q16. Whether there is a need for removing some of the existing authorizations, which may have become redundant? If yes, kindly provide the details with justification.***

***Q17. Whether there is a need for introducing certain new authorisations or subcategories of authorisations under the Telecommunications Act, 2023? If yes, - (a) For which type of services, new authorisations or sub-categories of authorisations should be introduced? (b) What should be the respective scopes of such authorisations? (c) What should be the respective service areas for such authorisations? (d) What terms and conditions (general, technical, operational, Security, etc.) should be made applicable for such authorisations? Kindly provide a detailed response with justifications.***

***Q18. In view of the provisions of the Telecommunications Act, 2023 and technological/ market developments, - (a) What changes (additions, deletions, and modifications) are required to be incorporated in the respective scopes of service for each service authorisation with respect to the corresponding authorizations under the extant Unified License? (b) What changes (additions, deletions, and modifications) are required to be incorporated in the terms and conditions (General, Technical, Operational, Security, etc.) associated with each service authorisation with respect to the corresponding authorizations under the extant Unified License? Kindly provide a detailed response with justifications.***

***Q19. In view of the provisions of the Telecommunications Act, 2023 and technological/ market developments, - (a) What changes (additions, deletions, and modifications) are required to be incorporated in the respective scopes of service for each service authorisation with respect to the corresponding authorizations under the extant Unified License for VNO? (b) What changes (additions, deletions, and modifications) are required to be incorporated in the terms and conditions (General, Technical, Operational, Security, etc.) associated with each service authorisation with respect to the corresponding authorizations under the extant Unified License for VNO? Kindly provide a detailed response with justifications.***

***Q20. Whether the Access Service VNOs should be permitted to parent with multiple NSOs holding Access Service authorisation for providing wireless access service? If yes, what conditions should be included in the authorisation framework to mitigate any possible adverse outcomes of such a provision? Kindly provide a detailed response with justifications.***

***Q21. Considering that there are certain overlaps in the set of services under various authorisations, would it be appropriate to permit service-specific parenting of VNOs with Network Service Operators (NSOs) in place of the extant authorisation-specific parenting? Kindly provide a detailed response with justifications.***

***Q22. In view of the provisions of the Telecommunications Act, 2023 and technological/ market developments, - (a) What changes (additions, deletions, and modifications) are required to be incorporated in the respective scopes of service for each service authorisation with respect to the corresponding extant standalone licenses/ authorizations/ registrations/ NOC etc.? (b) What changes (additions, deletions, and modifications) are required to be incorporated in the terms and conditions (General, Technical, Operational, Security, etc.) associated with each service authorisation with respect to the corresponding extant standalone licenses/ authorizations/ registrations/ NOC etc.? Kindly provide a detailed response with justifications.***

***Q25. Whether there is a need for introducing any changes in the authorisation framework to improve the ease of doing business? If yes, kindly provide a detailed response with justifications.***

***Q28. What should be the broad framework including the specific terms and conditions that should be made applicable for captive authorisations, which are issued on a case-to-case basis? Kindly provide a detailed response with justifications.***

***Q30. Whether the provisions of any other Policy/ Act in the related sectors need to be considered while framing terms and conditions for the new authorisation regime? If yes, kindly provide a detailed response with justification.***

ACTO, ISpA, IAFI, COAI, Lightstorm Telecom, Vodafone Idea, Reliance Jio Bharti Airtel and TCL have argued that maintaining separate authorizations for specialized services—such as satellite-based communication, VNO partnerships, and DCIP—is crucial for addressing their distinct technical and operational needs. They believe this separation ensures regulatory clarity, prevents competitive imbalances, and safeguards security and reliability in critical areas. Additionally, they stress that distinct

authorizations are important for preserving government revenue streams and aligning with international standards, which could be compromised by a unified authorization framework.

However, to the contrary, it is important to note that maintaining distinct authorizations for services like Infrastructure Provider-I (IP-I) and DCIP, or even considering the merging of scopes, is **counter to the legislative intent of removing barriers**. Separate authorizations for different services may preserve regulatory clarity but introduce inefficiencies and complexities that hinder operational flexibility. A general authorisation framework for all services that do not utilize scarce resources therefore aligns with the legislative goal of reducing administrative burden and simplifying compliance, ultimately promoting a more integrated and accessible market for providers..

Moreover, the rationale for having separate authorizations—such as addressing specialized technical needs, ensuring regulatory clarity, or protecting market fairness—does not outweigh the benefits of a streamlined, unified general authorization framework. This would also facilitate seamless active and passive infrastructure sharing without the need for any additional license. Therefore, by removing the need for multiple authorizations, the regulatory environment can better support innovation, facilitate infrastructure sharing, and encourage competition, all of which are in line with the legislative desire to foster a more dynamic and competitive telecom sector.

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***Q. 23 In view of the provisions of the Telecommunications Act, 2023 and market developments, whether there is a need to make some changes in the respective scopes and terms and conditions associated with the following service authorisations, recently recommended by TRAI:***

***(a) Digital Connectivity Infrastructure Provider (DCIP) Authorization (under Unified License)***

***(b) IXP Authorization (under Unified License)***

***(c) Content Delivery Network (CDN) Registration***

***(d) Satellite Earth Station Gateway (SESG) License***

***If yes, kindly provide a detailed response with justifications in respect of each of the above authorisations.***

In our response, we had submitted that Content Delivery Networks (CDNs) and Internet Exchange Points (IXPs) should be outside the scope of the general authorisation to foster growth and innovation. CDNs, crucial for efficient content delivery, thrive under current market-driven conditions and should not face additional regulatory burdens. Similarly, IXPs, essential for improving network performance and reducing latency, should not be subject to new licensing requirements. It ought to be kept in mind that IXPs are grossly different from ISPs. For both IXPs and CDNs, a supportive policy environment that avoids excessive regulation will best serve the interests of these critical digital infrastructure components and contribute to a more resilient and efficient internet ecosystem in India.

## **CDN Regulation**

CDNs are crucial to modern digital infrastructure, supporting a range of applications from video streaming to cloud services. Given their rapid growth and essential role, we argue against any regulatory frameworks for CDNs at this stage. The CDN market is thriving globally with minimal regulation, and India's sector is also expanding. Imposing regulations or registration requirements could disrupt this growth and introduce unnecessary complexity. Instead, the focus should be on fostering a supportive policy environment that encourages innovation and development in the CDN industry.

Instead, government actions should focus on creating a conducive policy environment that supports the development of CDNs. Implementing regulations on CDNs and their operations, such as caching, could disrupt legitimate content delivery and hinder growth. Globally, the CDN industry has flourished with [minimal](#) regulatory intervention, a model India should emulate.

Introducing registration requirements for CDNs sets a problematic precedent. If CDNs are required to register, it could lead to calls for similar regulations for other internet services such as email providers, web hosting services, and DNS providers. The strength of the internet lies in its largely unregulated nature, which has driven its rapid growth and innovation with the CDN market being characterized by high competition and low entry barriers.

Recognising, many stakeholders have correctly echoed this argument, emphasizing the dynamic nature of the CDN industry and the potential negative impacts of regulation. In the absence of any market failure, TRAI should not stifle CDN growth in India by introducing excessive regulations and barriers to entry. They highlight the importance of CDNs in delivering quality internet services and the need for a supportive policy environment. Moreover, CDNs should be exempt from registration and licensing, as they are fundamentally different from telecommunications providers and should not be regulated as such.

While majority of the stakeholders have suggested keeping CDNs outside the scope of authorisation, a few have such as Tata Communications Ltd., Ishan Netsol Pvt. Ltd. Smartlink Solution Pvt. Ltd., and AA+ Consultants, also suggested that CDNs be covered under national level authorisation and have strict monitoring mechanisms, as majority of issues despite pertaining to CDNs are redirected to service providers. Here, we submit that it is crucial to understand that regulating CDNs under telecom-like authorization grossly misinterprets their role as intermediaries that optimize content delivery, not as telecom providers. Thus, content responsibility should lie with content providers, not CDNs. Imposing strict monitoring on CDNs would create unnecessary burdens, stifling innovation and reducing network efficiency.

## **IXP Regulation**

IXPs are essential for improving internet speed and reducing latency by facilitating the local exchange of internet traffic between different networks. Any proposal to introduce a specific IXP license under the Unified License framework or to subject IXPs to authorisation could hinder the development of IXPs in India, where their proliferation is already low. Many stakeholders share this view, emphasizing that IXPs should not face licensing requirements due to their simple setup and minimal investment, which support a competitive and efficient market.



IXPs should neither be covered under a separate class nor should be covered under ISP license. Even globally, IXPs are not subjected to ISP licenses because they serve a unique function that differs fundamentally from that of ISPs. IXPs do not provide internet services to end-users; instead, they offer physical infrastructure that allows networks to interconnect and exchange traffic locally, enhancing the efficiency and performance of the internet. Several stakeholders have also commented that the regulatory framework for IXPs should be light-touch and aligned with technological advancements, avoiding unnecessary conditions or restrictions on players that are not engaged in telecommunications services, customer-facing activities, or the use of scarce resources. Stakeholders further suggest, rightly so, that a light-touch regulatory approach, based on exemption or ex-post regulation, would promote innovation in the digital economy and ensure agility in the market.

While many stakeholders have commented against any regulation of IXPs, some have submitted that they be covered under the scope authorisation. ACTO along with Smartlink Solutions Pvt. Ltd., suggests following TRAI's recommendation of creating a separate authorisation in the UL albeit with terms and conditions much less onerous than ISPs. Others such as Ishan Netsol, AA+ Consultants have recommended covering IXPs under ISP authorisation. Imposing authorisation requirements similar to ISPs would be inappropriate as IXPs do not offer telecom services like ISPs. Their role is purely to facilitate the exchange of traffic between networks, without providing bandwidth or IP transit services. This unique function should not be conflated with the services provided by ISPs, and therefore, IXPs should not be subjected to the same licensing requirements. Instead, India should adopt a non-regulatory framework that encourages the growth of IXPs by expanding existing guidelines for telecom service providers to support the development of critical IXP infrastructure.

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***Q34. Whether there is a need to formulate guidelines for deciding on the types of violations of terms and conditions which would fall under each category as defined in the Second Schedule of the Telecommunications Act, 2023? If yes, kindly provide a detailed response with justifications.***

***Q35. Are there any other inputs/suggestions relevant to the subject? Kindly provide a detailed response with justifications.***

Given the vast scope of this issue, the formulation of guidelines to decide on the types of violations of terms and conditions under the Second Schedule of the Telecommunications Act, 2023, requires further exploration. This process would benefit from another round of consultation and stakeholder opinions, to ensure that any guidelines developed are comprehensive, fair, and practical.

The primary objective of the legislature is to simplify the business environment and reduce regulatory burdens. Therefore, any guidelines on violations should be designed with this goal in mind. For instance, a key area that may require specific guidelines could be the integration of service providers' systems with government-provided systems for the storage of logs. In this scenario, the severity of violations could be determined by factors such as the duration for which logs are unavailable and the frequency of such occurrences within a given period, such as a continuous month.

By adopting a measured approach that considers the practical challenges faced by service providers, the guidelines can help ensure compliance while also supporting the ease of doing business. Further consultation and expert input will be crucial in refining these guidelines to achieve the right balance between regulatory oversight and operational flexibility.

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***Q36. In case it is decided to introduce a unified service authorisation for the provision of end-to-end telecommunication services with pan-India service area, what should be the: - (i) Amount of application processing fees (ii) Amount of entry fees (iii) Provisions of bank guarantees (iv) Definitions of GR, ApGR and AGR (v) Rate of authorisation fee (vi) Minimum equity and networth of the Authorised entity Please support your response with proper justification.***

***Q37. In case it is decided to enhance the scope of Internet Service authorization as indicated in the Q7 above, what should be the: (i) Amount of application processing fees (ii) Amount of entry fees (iii) Provisions of bank guarantees (iv) Definitions of GR, ApGR and AGR (v) Rate of authorisation fee (vi) Minimum equity and networth of the Authorised entity Please support your response with proper justification.***

***Q38. In case it is decided to merge the scopes of the extant NLD Service authorization and ILD Service authorization into a single authorization namely Long Distance Service authorization under the Telecommunications Act, 2023, what should be the: - (i) Amount of application processing fees (ii) Amount of entry fees (iii) Provisions of bank guarantees (iv) Definitions of GR, ApGR and AGR (v) Rate of authorisation fee (vi) Minimum equity and networth of the Authorised entity Please support your response with proper justification.***

***Q39. In case it is decided to merge the scopes of the extant GMPCS authorization and Commercial VSAT CUG Service authorization into a single authorization namely Satellite-based Telecommunication Service authorization under the Telecommunications Act, 2023, what should be the: - (i) Amount of application processing fees (ii) Amount of entry fees (iii) Provisions of bank guarantees (iv) Definitions of GR, ApGR and AGR (v) Rate of authorisation fee (vi) Minimum equity and networth of the Authorised entity Please support your response with proper justification.***

***Q40. In case you are of the opinion that there is a need for clubbing the scopes of some other authorisations into a single authorisation under the Telecommunications Act, 2023 for bringing more efficiency in the operations, what should be the: (i) Amount of application processing fees (ii) Amount of entry fees (iii) Provisions of bank guarantees (iv) Definitions of GR, ApGR and AGR (v) Rate of authorisation fee (vi) Minimum equity and networth of the Authorised entity Please support your response with proper justification.***

***Q41. In case you are of the opinion there is a need to introduce certain new authorisations or sub-categories of authorisations under the Telecommunications Act, 2023, what should be the: - (i) Amount of application processing fees (ii) Amount of entry fees (iii) Provisions of bank guarantees (iv) Definitions of GR, ApGR and AGR (v) Rate of authorisation fee (vi) Minimum equity and networth of the Authorised entity Please support your response with proper justification.***

***Q42. What should be the amount of application processing fees for the various service authorisations including VNOs, other than the merged/clubbed/new service authorisations? Please provide your response for each of the service authorisation separately.***

***Q43. Whether the amount of entry fee and provisions for bank guarantee for various service authorisations including VNOs, other than the merged/clubbed/new service authorisations, should be: i. kept the same as existing for the various service authorisations under the UL/UL(VNO) license ii. kept the same as recommended by the Authority for the various service authorisations under the UL/UL(VNO) license, vide its Recommendations dated 19.09.2023 iii. or some other provisions may be made for the purpose of Entry Fee and Bank Guarantees Please support your response with proper justification separately for each authorisation***

***Q44. Whether there is a need to review any of the other financial conditions for the various service authorisations including VNOs, other than the merged/clubbed/new service authorisations? Please provide your response for each service authorisation separately with detailed justification.***

***Q45. In case it is decided to merge the scopes of the extant IP-I Registration and the Digital Connectivity Infrastructure Provider (DCIP) authorization into a single authorization under the Telecommunications Act, 2023, what should be the: - i. Amount of application processing fees ii. Amount of entry fees iii. Any other Fees/Charge iv. Minimum equity and net worth etc. of the Authorised entity. Please support your response with proper justification.***

There is broad support for a unified service authorization with some reservations from stakeholders such as Cellular Operators Association of India (COAI), Globalstar Incorporations, and the Indian Space Association (ISpA). They have also advocated for uniform application processing fees, minimal entry fees, and reductions in bank guarantees, but still propose retaining certain financial barriers. They suggest that revenue definitions should allow deductions for bandwidth charges and non-telecom revenues to prevent double levies. They also recommend that the authorization fee be set at 3-5% of Adjusted Gross Revenue (AGR) and that the USOF levy be reduced or abolished. Furthermore, they argue against merging certain authorizations, such as GMPCS and VSAT CUG, into a single Satellite-based Telecommunication Service authorization, citing unnecessary complexity and potential negative impacts on existing players.

While we acknowledge the stakeholders' general support for rationalizing the regulatory framework, we respectfully disagree with the approach that retains financial barriers such as entry fees, bank guarantees, and complex revenue definitions, even in a reduced capacity. These financial obligations, even when minimized, still present significant obstacles to market entry and innovation, particularly for services that do not rely on scarce resources. For services not utilizing scarce resources, such as spectrum, there is no justification for imposing entry fees, bank guarantees, or authorization fees. These services do not strain limited public resources and, therefore, should not be burdened with financial obligations designed for more resource-intensive operations.

Moreover, the argument that retaining entry fees and bank guarantees is necessary to filter out non-serious entrants is flawed. Effective regulatory oversight, rather than financial barriers, is the appropriate tool for

ensuring that only qualified and committed entities operate within the sector. Removing these financial burdens will encourage broader participation in the market, leading to increased competition, lower prices, and improved service quality for consumers. In fact, the

The proposal to retain complex revenue definitions for Gross Revenue (GR), Applicable Gross Revenue (ApGR), and Adjusted Gross Revenue (AGR) also needs reconsideration. Simplifying these definitions and exempting non-scarce resource services from their scope will reduce administrative complexity and prevent unnecessary financial burdens on service providers. *The Telecommunications Bill empowers the government to waive entry fees, license fees, and penalties, reflecting the legislative intent to facilitate business operations and reduce compliance burdens.*<sup>2</sup> Therefore, our recommendation not only aligns with the Bill's objective of making telecom services more accessible to consumers but also promotes fair competition and affordability in the market. This simplification aligns with the broader goal of reducing regulatory friction and supporting the growth of a vibrant digital economy.

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***Q50. In the interest of ease of doing business, is there a need to replace the Affidavit to be submitted with quarterly payment of license fee and spectrum usage charges with a Self-Certificate (with similar content)? Please justify your response.***

***Q51. Is there a need to revise/ modify/simplify any of the existing formats of Statement of Revenue Share and License Fee for each license/authorisation (as detailed at Annexure 3.2)? In case the answer to the question is yes, please provide the list of items to be included or to be deleted from the formats along with detailed justification for the inclusion/deletion.***

***Q52. In case of a unified service authorisation for the provision of end-to-end telecommunication services with pan-India service area, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.***

***Q53. In case the scope of Internet Service authorization is enhanced, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.***

***Q54. In case of merged extant NLD Service authorization and ILD Service authorization into a single authorization namely Long Distance Service authorization, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.***

***Q55. In case of merged extant GMPCS authorization and Commercial VSAT CUG Service authorization into a single authorization namely Satellite-based Telecommunication Service authorization, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.***

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<sup>2</sup> <https://sansad.in/ls/debates/digitized>

***Q56. In case you have proposed to club the scope of some of other authorizations OR introduce certain new authorisations/ sub-categories of authorisations, what should be the format of Statement of Revenue Share and License Fee for each of these authorisations? Please support your response with justification.***

The current model for collecting license/authorisation fees ought to be aligned with the legislative intent of capping charges and should be significantly simplified by adopting an administrative cost-based approach. Detailed submission in this regard has been made under question number 61. Under this model, where the fees are collected only to recover administrative costs rather than to generate revenue, it becomes unnecessary to require frequent payments or redundant documentation. A single annual or at best a quarterly payment certificate for the payment made through an online portal would suffice, reducing the administrative burden on service providers.

Given this streamlined approach, there is no need to submit revenue statements or additional documents such as affidavits. The focus should shift from revising or modifying these compliance requirements to eliminating them altogether. For instance, a simple quarterly payment certificate would be adequate, accompanied by a declaration from the company attesting to the accuracy of the payment. This method would balance the regulatory need for compliance with the goal of ease of doing business.

As many stakeholders have rightly pointed out, the introduction of this simpler, more efficient system would alleviate the compliance burdens currently faced by service providers, improve operational efficiency, and promote a business-friendly environment. The elimination of affidavits or self-certifications when paying license fees and charges would streamline the payment process, reduce administrative overhead, and ultimately enhance the ease of doing business in the telecommunications sector.

In summary, the goal should not be to revise or modify the existing formats of statements for revenue share and license fees but to move towards a system that minimizes the need for such compliance requirements altogether.

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***Q60. What should be terms and conditions of security interest which the Government may prescribe? Please provide a detailed response.***

The issue of defining the terms and conditions of security interest under the Telecommunications Act, 2023, is broad and complex, necessitating a dedicated consultation process and expert input. The legislature's intent to simplify business operations must remain a guiding principle in this process.

As illustrated previously, the government could offer centralized storage solutions for logs like IPDR records. Given the intricacies involved, particularly in areas such as system integration for government-mandated log storage, the terms of security interest should be crafted with a focus on practical enforcement and minimal disruption to business activities. For instance, violations could be categorized based on the duration of log unavailability and the frequency of such occurrences over a continuous period, such as a month.

It is critical that any terms and conditions formulated are clear, achievable, and aligned with the objective of easing the regulatory burden on service providers. The government should also consider the evolving technological landscape and ensure that the terms are flexible enough to adapt to new developments while maintaining robust security standards.

In conclusion, while the formulation of these terms is necessary, it is essential that this process be approached with a thorough and separate consultation process to strike the right balance between security interests and ease of doing business.

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***Q61. Whether there are any other issues/ suggestions relevant to the fees and charges for the authorisations to provide telecommunication services? The same may be submitted with proper explanation and justification.***

Regulatory fees for telecommunications should strictly cover the administrative costs of regulation, adhering to a cost-recovery model only. This approach ensures that fees are transparent, non-discriminatory, and proportionate to the actual costs incurred by the regulatory body, aligning with international best practices such as those outlined in Article 16 of the EU Directive 2018/1972. Historical practices in countries like the U.S., Australia, and Singapore also support this model.

Currently, the AGR-based fee structure, combined with an 18% GST, impose a dual financial burden on consumers, significantly increasing the cost of telecommunication services. It is crucial to transparently break down these fees to clarify the costs passed on to consumers. With receipts exceeding regulatory costs, there is a need to separate revenue from fees, ensuring that fees are not used as a revenue-generating mechanism but solely for covering regulatory expenses. It is also essential to distinguish between taxes and fees, as taxes raise general revenue while fees fund specific services for the consumer. Misclassifying fees as taxes can lead to unjustified charges. This distinction has been affirmed by various court rulings.

Stakeholders have unanimously concurred that implementing a cost-based approach for fees would promote affordability and enhance service coverage, providing broader economic benefits. The current structure, which includes high authorization fees and a significant USOF levy, increases costs for both service providers and consumers, underscoring the need for urgent review and adjustment to alleviate these financial pressures. Some other stakeholders have also submitted that The USOF levy should be delinked from the authorization/license fee. The current 5% USOF levy should be abolished entirely, or at least suspended until the unutilized corpus is fully utilized. Alternatively, the levy rate should be reduced to 3%. The authorization fee should also be decreased from 3% to 1% of AGR, aligning with global best practices which emphasize recovering only administrative costs. This reduction would help lower the financial burden on service providers, enabling them to invest more in network expansion and service quality.

Thus, it is clear that rationalizing fees to cover only regulatory expenses will have significant positive implications for the telecommunications sector and the broader economy. Lower entry fees can stimulate competition and investment, which are crucial for expanding telecommunications services.

