

Spectra's response on Supplementary Consultation Paper on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed

- 1. What should be the approach for incentivizing the proliferation of fixed-line broadband networks? Should it be indirect incentives in the form of exemption of license fee on revenues earned from fixed-line broadband services, or direct incentives based on an indisputable metric?**

Comments:

Fixed line broadband (FLB) service providers provide Broadband services by laying optic fiber cable networks from their core network directly to or closer to the subscriber. Provisioning of fixed-line broadband services is capital and manpower intensive. It is a time-consuming activity and its maintenance is also challenging. Unlike the wireless service providers who use scarce natural resource such as Spectrum, Fixed line broadband service providers create their own optic fiber cable network till the last mile in order to provide their services. Hence, the approximate cost of connecting a customer ranges anywhere between Rs 15 – 20K and a service provider takes several years to break even and recover the investment. Further, Providing Fixed line broadband services requires constant expansion and enhancement of services as reliability is the USP of a Fixed line broadband service and the same requires huge investments. In order to encourage investors to invest in a sector which is of paramount importance to the growth of Digital India as highlighted in NDCP 2018 and in the National Broadband mission, it is of paramount importance that the Govt provides indirect incentive in the form of LF exemption. which in turn shall encourage service providers to invest more and create more infrastructure and in turn provide services at more competitive rates.

Apart from the LF exemption aspect discussed above, a reliable and effective solution needs to be brought in to deal with all the Supply side issues specifically on

- Issues related to RoW (Right of Way)
- Restricted access to building complexes, societies and RWAs

While the Supply side issues have been dealt at length in both the 2015 CP and also in the Primary CP issued in Aug 2020, the fact of the matter is that the issues still prevail as it is and nothing has been done in the ground to assuage the concerns of the service providers. While the Indian Telegraph ROW Rules 2016 has been brought in by the GOI, the same has not been effective in addressing the difficulties faced by service providers in the ground. There is a huge disparity in adopting the ROW rules by each of the state Govts. The Service providers are dependent on the respective state govt. who actually owns the infrastructure and in many cases there is no ROW policy available and all the supply side issues highlighted in the previous CPs still remain at large. Hence, we request the Authority to provide Direct incentive such

- prescribing specific ROW charges (with the maximum ceiling limit based on urban and rural areas) which shall be strictly followed by each of the state govt for both Overground and underground optic fiber cable infrastructure.
- Fixing a central adjudicatory Authority who shall deal with all the ROW disputes and the same shall be completely outside the purview of the respective state Govt.

In addition to the indirect incentives provided to the Fixed line broadband service providers if the authority is of the view that additional incentives needs to be provided to customers directly in the form of DBT subsidies, the same shall be a welcome move. However, it needs to be noted that providing DBT directly to customers alone without providing necessary and much needed support to Fixed line broadband providers shall not help or benefit the Fixed line broadband service providers as the concerns of fixed line broadband is addressing the supply side issues and in catering the capital intensive roll out shall still remain. Hence a HYBRID incentive model is the need of the hour.

Hence, it would really aid the FLBs if a combination of both direct & indirect Incentives (in the form of License fee exemption and reduced ROW charges) are made available to accelerate the proliferation of the fixed line broadband networks.

- 2. If indirect incentives in the form of exemption of license fee on revenues earned from fixed-line broadband services are to be considered then should this license fee exemption be limited to broadband revenue alone or it should be on complete revenue earned from services delivered through fixed-line networks?**

Comments:

Exemption of license fee on the “pure internet revenue” alone including the activation charges along with the already existing deductions such as GST would suffice. There is no requirement for providing exemption on the complete revenue earned by the fixed line broadband service providers. Converged services should be treated as normal and no incentives should be given either to customers or to Service providers.

UL (VNO) licence provides and allow Lease line/ Bandwidth charges as pass through charges and the same was allowed as deduction for payment of License fee. We request the Authority to take note that the same benefit may also be extended to fixed line broadband service providers.

- 3. In case of converged wireless and fixed-line products or converged services delivered using the fixed-line networks, how to unambiguously arrive at the revenue on which license fee exemption could be claimed by the licensees?**

Comments:

Most of the fixed line broadband service providers are only plain vanilla ISP license holders, there is no scope for them to resort to any misappropriation of revenues. Hence, the entire “pure internet access” charges including the activation charges can be exempted for the ISP licensees.

The convergence of wireless and Fixed line Broadband services are being delivered by service providers who hold both Access services authorization and Internet services authorization. When compared to the ISPs, the Access service providers are in a more advantageous position to offer fixed line broadband, as the bouquet of services that they can offer are much more. So, ISPs need the incentive more.

For Access Service providers, a fixed notional amount per fixed line broadband subscriber can be allowed for license fee exemption. The notional amount may be fixed by TRAI after due consultation. The notional exemption amount per subscriber may have to be reviewed periodically by TRAI. Further, the existing certification process and the statutory audit process can be used for getting the exact number of fixed line broadband subscribers of the Access providers. Whenever multiple services are offered through fixed line, to mitigate the risk of misuse by the licensee through misappropriation of revenues, a fixed notional amount can be allowed as exemption per fixed line broadband subscriber.

The exemption of license fee based on fixed notional amount per fixed line broadband subscriber to all type of licensee (including access service providers other ISPs who provides converged wireless and fixed-line products or converged services) shall avoid any misuse by the licensees through misappropriation of revenue and will also ensure level playing field among all the service providers.

- 4. What should be the time period for license fee exemption? Whether this exemption may be gradually reduced or tapered off with each passing year?**

Comments:

There should be a minimum time period of 7 years or alternatively a goal-based exemption i.e. fixed line broadband penetration reaches up to 50% of the households in India as envisaged in NDCP 2018.

- 5. Is there a likelihood of misuse by the licensees through misappropriation of revenues due to the proposed exemption of the License Fee on the revenues earned from fixed-line broadband services? If yes, then how to prevent such misuse? From the revenue assurance perspective, what could be the other areas of concern?**

Comments:

Response to Query no 3 may be referred here.

6. **How the system to ascertain revenue from fixed-line broadband services needs to be designed to ensure proper verification of operator's revenue from this stream and secure an effective check on the assessment, collection, and proper allocation and accounting of revenue. Further, what measures are required to be put in place to ensure that revenue earned from the other services is not mixed up with revenues earned from fixed-line broadband services in order to claim higher amount of incentive/exemption.**

Comments:

An accounting firm can duly audit and ensure proper governance around accounting of revenues under the correct heads to ensure no loss to the exchequer.

7. **Is there any indisputable metric possible to provide direct incentive for proliferation of fixed-line broadband networks? What would be that indisputable metric? How to ensure that such direct incentives will not be misused by the licensees?**

Comments:

The Authority has already mentioned in supplementary consultation paper that RoW charges can be provided as one of the direct incentives to the Service providers. We would like to submit that if all the issues around RoW permission in creating the OFC network infrastructure is duly resolved would play a major role in motivating investors step into fixed line broadband industry and proliferation of Broadband in India.

8. **What are key issues and challenges in getting access to public places and street furniture for installation of small cells? Kindly provide the State/ City wise details.**

No comments.

9. How to permit use of public places and street furniture for the effective rollout of 5G networks? Kindly suggest a uniform, simple, and efficient process which can be used by States/ Local-Bodies for granting access to public places and street furniture for installing small cells. Kindly justify your comments.

No comments.

10. Which all type of channels of communication should be standardized to establish uniform, transparent, and customer friendly mechanisms for publicizing provisioning of service and registration of demand by Licensees?

Comments:

The most important reason as to why a customer is not serviceable in a particular location is only because a service provider is not able to reach its network to the customer location due to various supply side issues as we had already highlighted in detail in the above queries. It is never the case where the services are not publicized widely, or the customers are refused registration of demand in the service areas. With the advent of more competition and availability of more options at the disposal of the customer all these license conditions have become redundant and infructuous. This should be left to market forces and regulatory measurement should enable fixed line broadband service providers to invest more for reach of fixed line broadband penetration as envisaged in NDCP 2018.

11. Whether proliferation of fixed-line broadband services can be better promoted by providing Direct Benefit Transfer (DBT) to subscribers of fixed-line broadband services? If no, elucidate the reasons.

No comments.

12. If answer to Q11 is affirmative, then:

- a. Should DBT scheme be made applicable to all or a particular segment of fixed-line broadband subscribers? Kindly justify your comments.

- b. If you recommend supporting a particular segment of fixed-line broadband subscribers, how to identify such segment of the subscribers?
- c. How to administer this scheme?
- d. What should be the amount of DBT for each connection?
- e. What should be the period of offer within which individuals need to register their demand with the service providers?
- f. What should be the maximum duration of subsidy for each eligible fixed-line broadband connection?

No comments.

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