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C. P. No. 01/2012/TRAI/STL-01

31st January, 2011

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Subject: Sterlite Technology Limited (STL's) response to TRAI Consultation Paper No. 01/2012 on Draft Guidelines for Unified Licensing Regime

Ref. No. – TRAI Consultation Paper No. 01/2012 dated 16th January 2012

Dear Sir,

At the outset, we would like to thank and congratulate the Telecom Regulatory Authority of India (TRAI) for coming out with a much awaited consultation paper on the “Draft Guidelines for Unified Licensing Regime”.

The consultation process on Guidelines for Unified Licensing Regime is at an appropriate time as license related issues in our country are increasingly becoming key issues to be resolved in order to ensure that the telecom industry continues to grow and contribute significantly to the country's growth.

During the last decade we have witnessed the Telecom Revolution which in turn has significantly impacted the socio-economic environment and business dynamics of the country, making India a name to reckon in the global map.

However, if we want to set in the next wave of growth, the policy guidelines need to be in line with mutually beneficial and sustainable environment for all stakeholders. For the same the government needs to usher in licensing reforms that would affect better

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and cost-efficient services for customers as well as profitable growth for service providers and also a niche role for the infrastructure providers.

Unified Licensing Framework has to play a key role in the days ahead as various new services and developments are taking place in the telecommunications sector. Also, since the Ministry of Communications & Information Technology has announced the formulation of a new and comprehensive National Telecom Policy, 2011, the time is ripe for a comprehensive review of the licensing regime to build a forward looking and facilitating licensing framework.

STL's response to the specific clauses of the Unified Licensing Guidelines in the consultation paper is attached herewith for kind perusal of the Authority. We sincerely hope that our comments will merit your kind consideration.

Thanking you.

Yours faithfully,

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Encl: As mentioned above.

**STL's RESPONSE TO TRAI CONSULTATION PAPER NO. 01/2012 ON DRAFT
GUIDELINES FOR UNIFIED LICENSING REGIME**



Clause No. – General

Comment – We wish to seek clear guidelines for migration of existing players of NLD, ILD, IP-1 services to the new Unified License Regime. It should provide the rules and regulations for migration, any charges applicable, modification in ownership & liabilities etc.

Clause No. 4 – Entry Fee

Comment – To encourage more and more existing IP-1 players to migrate to the Unified License Regime, the entry charges should be comparatively lesser for those who do not intend to provide all services permissible under the Unified License. For example – most IP-1 players will only wish to continue with Data & Broadband services and may not intend to offer voice services, so they should not be charged the same entry fee as new players obtaining Unified License for becoming full-fledged Unified service providers.

Clause No. 4.1(c) – Entry Fee for District level Unified License

Comment – The amount of entry fee for obtaining each District level Unified license has been mentioned as 15(Fifteen) lacs in numeral form and 25(twenty-five) lacs in the word form.

Please clarify on this inconsistency between the numeral and word form, that what is the proposed entry fee for a district-level unified license.

Clause No. 5.1(a) – Scope of the License

Comment – On this clause, we wish to point out that though the defined scope of license covers a comprehensive set of telecom services but has missed out on the services which originally came under the scope of IP-1 including providing of dark fibres, Right-of-Way, duct space, towers on lease/sale/rent-out basis and also the active infrastructure on behalf of the Unified Access Service Providers.

We strongly recommend that all these services be included in the framework of Unified license since they are critical to telecom infrastructure providers i.e. current IP-1 players who will like to provide these over active/passive infrastructure, as the policy permits, to the service providers. In addition, there should be a clear provision for active and passive infrastructure sharing among the players.



Also as the IP-1 players who will migrate to Unified License and will still concentrate on building the infrastructure and providing the same to full-fledged Unified licensees will not be providing any telecom services to the end users, and thus should not be levied any annual charge in the form of revenue-share. For this purpose, a separate category under Unified Licensing Regime may be created as Independent Infrastructure Providers (IIP). This will accelerate the growth of infrastructure in the country. Therefore the following inclusion in the Unified licensing framework is proposed:

Independent Infrastructure Providers(IIP) – To provide active and passive infrastructure to all categories of Operators and Service Providers. IIPs will be permitted to setup all kind of active and passive infrastructure to be used by all type of operators in shared mode. This category will be lightly regulated to facilitate the creation of more and more capital intensive infrastructure to be utilized by various service providers to provide services to end users in efficient and cost-effective manner.

Clause No. 11.2 – License Fee

Comment – As per this clause, an annual license fee as a percentage of AGR (Annual Gross Revenue) shall be charged from all licensees.

In the case of current IP-1 players who are currently not charged any revenue-share this clause, if implemented, should allow a pass-through of the revenue-share paid by one provider in the hands of the service providers who will be ultimately using the infra provided by these IP-1 migrated Unified Licensees. This effectively means that the revenue share shall be levied only once on the same infrastructure/service as like the VAT concept.

Clause No. 22 – Sharing of Active/Passive Infra under Technical Conditions

Comment – This clause states that under the technical conditions of Unified License, the sharing of active/passive infrastructure shall be as per the guidelines issued by the Licensor from time to time.

Here we wish to strongly recommend that all infrastructure/ equipment sharing should be permitted without any restrictions, to ensure effective and efficient usage of costly telecom equipments/infrastructure built. This will ultimately lead to higher utilization, leading to reduction in OPEX for service providers and better business case for infrastructure creators.

Clause No. 27.1 – Security Conditions

Comment – As per this clause, the licensee shall comply with the security conditions interalia relating to inspection of the installation/establishments, audit of networks,

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security of the network, restriction on employment of foreign nationals, transfer of information outside the country, remote access, monitoring of networks, confidentiality of information relating to subscriber data and any other condition imposed by the Licensor from time to time.

Hereby, we wish to comment that the current IP-1 players migrated to Unified License should not be required to comply with these security conditions & should not have any obligation for any kind of investment for access and monitoring of security of the networks. This is to avoid duplication of investment and efforts considering that these IP-1 migrated players shall only be providing infrastructure to the full-fledged Unified service providers and not to the end-users. In any case the Unified service-providers catering to the end users shall be installing the entire setup for security, access and monitoring as per the license conditions.

Clause No. – Definition of ‘Internet Telephony’

Comment – As per the annexure, Internet Telephony has been described as a service to process and carry voice signals offered through Public Internet by the use of Personal Computers (PC) or IP based Customer Premises Equipment (CPE) connecting either PC-to-PC, PC/Device/Adapter to PSTN/PLMN, Device/Adapter connected with ISP node to another device/adapter.

Upon this we wish to state that this definition of Internet Telephony which is very much restricted should be revised to enhance its usage and popularity. To ensure this, all restrictions on Service providers related to Internet Telephony must be removed. This will lead to maximum beneficial use of the efficient networks based on IP by the Service providers and ultimately the customers will get the advantage of reduced call charges.

