



Shailesh Rajpoot <nsl.trai@gmail.com>

Comments regarding AGR

1 message

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For the Kind Attention of Mr. Arvind Kumar, Advisor (Networks, Spectrum & Licensing),

TRAI, New Delhi

Dear Sir,

We are one of the holders of the ITP license issued in 1999 upgraded to an ITSP license in 2002. Via newspapers we have come to understand that TRAI has asked for inputs / comments from stakeholders regarding:

- a. Definition of AGR
- b. Suggested format for Statement of Revenue/License Fees

At this juncture, we would like to put on record:

1. A levy of License fees on Internet access is a regressive step and will undoubtedly hurt millions of Internet users across the country as well as a proverbial nail-in-the-coffin for all Small and Medium ISP license holders. The ISPs are working on low margins and increased costs and with the levy of access charge they will have no option but to pass the same on to the consumers.
2. Moreover as no setoff is allowed by the department, the cascading effect of increase will be multifold.
3. In the above scenario, increase in cost to remote areas will be much higher and hence

the cost of access in rural and less dense locations will be as high as 40-50% from existing costs which will in turn reduce penetration.

4. There are around 100+ small/ medium ISP's across the country who are offering services to many customers on a regional basis. Many of these areas are untouched by large ISP's like BSNL, Reliance, Tata's who are focused more on high revenue areas (maybe due to their High Operational Costs) and it is simply due to presence of these small ISP's that lakhs of customers are able to access services in remote and non-profitable areas.
5. Such a levy will impede the penetration of the Internet across the country at a time when we are falling short of existing Broadband penetration targets. As per DOT's own target it should have had 40 million subscribers by now but we are hardly at 14 million. Not only is the current reality nowhere near target, the future target also will surely not be achievable if Internet which is today before a BASIC COMMODITY become expensive and more unachievable to many Indians.
6. We and other similar license holders are already fighting a day to day battle to survive against the large telco's which are owning and controlling over 90% of the market in India.
7. We would have no option but to transfer this entire price rise burden to clients and common users who are already struggling against the price-rise and unstable economy.
8. Further it is our understanding that such levy's are coming into force due to Government's inability to ensure the larger telco's controlling 90% of the market are following the letter of law properly instead of wrongfully showing other income under Internet heads.
9. Not only this, with larger telco's being at the higher rung charge only minimal increase they will in turn stand to benefit as smaller ISP's business also will be routed to them. Hence instead of they being penalized for showing income wrongly, they will stand to benefit from this tax and AGR application in the long run with all medium and small ISP's business being reduced to dust.
10. By levying charges on Internet access, the Government is ensuring that the need Internet/ IT for e-Governance, Aadhar and other such schemes are badly affected and in the long run would cause more damage to penetration of the internet across the country.
11. We are convinced that by this move the NTP 2012 Policy objective of having 175 million broadband connections by 2017 and 600 million broadband users by 2020 will remain only a dream.
12. Everyone is well aware of the problems being faced by Common Man in terms of costs and this move will be tantamount to making it worse since Internet access is a necessity today with many works being done via internet like banking, ticket booking, tax filings etc.
13. Not only this even the existing definition of AGR which currently includes all income of the Company except Internet has to be modified to include only Voice Related income. Today a company to survive must do a host of activities which may not be related to Internet license itself and to charge them license fees is forcing them to resort to unwanted activities.
14. Today for no other company but telecom, license fees is charged on incomes like share trading, interest revenues from Fixed deposits, trading in hardware etc. This and many other services sold or product sold is available to any Indian Company without any license fees. By taking a license to provide services of this nature is not only a business which should be cultivated but even given preference by Government as today nothing can function without this industry and Government should take steps to promote and support this industry.
15. Since the idea to charge license fees was to create a level playing field among Voice Telecom holders, it is requested to only keep VOIP services under Gross Revenue.

Hence, we plead that the Government re-address this policy and immediately rescind the same to ensure and support the growth / penetration of the internet rather than adversely affecting the same which will in the long run affect millions of users.

Hence, As per us the definition of AGR should including only those services which are exclusively covered by this licenses and free to others as well as excludes Internet since it is a necessity commodity and should be covered in Basic Services.

a. All revenues of Company

- a. Less: Income from Internet access related services, hardware and other value added services like hosting, domain, web designing etc.
- b. Less: Income from Internet content services
- c. Less: Income from Value added services like domain, registration, hosting, email services etc.
- d. Less: Income from resellers, commissions etc for services other than VOIP services
- e. Less: Income from turnkey project, sharing of infrastructure, co-locations services etc.
- f. Less: Interest Income from FD's, Investments etc.
- g. Less: Income from Share trading or trading activity of any sort which is not related to telecom
- h. Less: Income from Sale of hardware (telecom products)

Suggestions for modification of format are as under:

- a. To include Separate head for Interest income from FD's, Investments etc.

The above are the comments and inputs from our end.

We sincerely hope the Regulatory Body arrives at a judgment which looks at the requirement of the common man and importance of the Internet in today's lives of people.

With Best Regards,

Akshay Patwari

Director

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