



DG/COAI/2024/313

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Tower F, NBCC World Trade Centre
Nauroji Nagar,
New Delhi – 110029.

Subject: COAI Response to TRAI CP on “Framework for Service Authorizations to be Granted Under the Telecommunications Act, 2023”.

Dear Sir,

This is with reference to the TRAI Consultation Paper on “Framework for Service Authorizations to be Granted Under the Telecommunications Act, 2023” issued on 11th July 2024.

In this regard, please find enclosed COAI’s response to the Consultation paper.

We trust our above submission would merit your kind consideration and look forward to your valued support on the same.

Sincere regards,

Lt. Gen. Dr. S.P. Kochhar, AVSM**, SM, VSM, ADC, KIGA
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Fellow IETE, Fellow AIMA, Member IEEE, Sr. Member CSI

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COAI Response to TRAI CP on the Framework for Service Authorisations to be Granted Under the Telecommunications Act, 2023

We thank the authority for providing us with the opportunity to respond to the Consultation Paper. While the Telecommunications Act, 2023 presents an opportunity to review various Authorisations and the associated rules, it is very important to note that Policy Stability and level playing field is the key for instilling confidence in the players in the sector who have made huge investments in building the national telecom infrastructure.

A. **No Major Overhaul Required:**

1. Over the past 25 years, the licensing framework for the telecom sector in India has evolved significantly, fostering a robust and competitive market. India now boasts one of the most competitive telecom markets in the world. The intense competition has driven innovation, improved service quality, and significantly lowered tariffs. Today, India has the lowest telecom tariffs globally, making telecommunications accessible to a vast majority of its population and contributing to digital inclusion.
2. The existing well-established licensing framework has not only attracted substantial investments but has also ensured that telecom services in India remain affordable, reliable, and of high quality.
3. The current licensing regime has also been instrumental in harnessing the power of emerging digital technologies, including 5G, Artificial Intelligence, Internet of Things, Cloud and Big Data while promoting investment and innovation. Thus, we are of the view that Government should provide incentives, reduce regulatory cost, provide appropriate Policy and Financial stimulus to the existing TSPs, allowing them to invest effectively towards these future technologies.
4. While the introduction of the Telecom Act 2023 entails that TSPs will have to obtain authorizations instead of licenses, **we submit that since there exists a well-established telecom network infrastructure which has been established over the last 25 years, no major overhaul is required.**
5. The review of the Scope and Terms & Conditions, of various Authorisation under UL is a very comprehensive subject which will require detailed deliberation, Consultation and adequate time which is required to carry out its review. **Thus, at present the Scope, and the associated Terms & Conditions of all the existing Service Authorizations should stay the same as in the existing Unified Licence. However, the government should consider relaxing the terms and conditions with a view to reduce compliance burden on the sector in the spirit of Ease of Doing Business.**
6. In the past TRAI has initiated a separate consultation process whenever there was a need to review the Scope and Terms & Conditions of any Service under UL. **We submit that the same practice should be continued with and any change in Scope or in the Terms & Conditions of any of the Authorisation should be carried out through a separate Consultation process.**



7. **However, there should always be a scope for simplification and rationalization. We submit that such changes should be equally applicable to existing authorizations under the Unified License.**

B. Retain the Contractual nature of present licence agreements

1. Telecom licenses in India are contractual agreements between the Department of Telecommunications (DoT) and telecom operators. These licenses are legally binding contracts that outline rights, obligations, and operational parameters for telecom services. DoT (representing the government) and the telecom operator are the two signatories and the terms and conditions typically include spectrum allocation, service areas, technology standards, quality of service requirements, and financial obligations.
2. Telecom Operators must adhere to license terms, telecom regulations, and government policies. DoT can modify license terms, but significant changes may require mutual agreement. A well-established consultative process is in place for introducing any changes in Scope or Terms & Conditions of the Licence.
3. The Telecom Disputes Settlement and Appellate Tribunal (TDSAT) is the designated body for resolving disputes between licensees and the licensor (DoT) or between licensees. TDSAT has the power to adjudicate on contractual interpretation, compliance issues, and regulatory matters related to telecom licenses.
4. This contractual framework aims to balance regulatory oversight with operational flexibility for telecom operators. **Therefore, we submit that the authorization process must continue to retain the contractual nature of the present licenses. This will ensure uniformity and will enable migration from the old Telegraph Act to the present New Telecom Act.**

C. Procedural changes to reduce Cost of doing Business:

1. While most of the associated Terms & Conditions should stay the same, we submit that Government should provide incentives, reduce regulatory cost, reduce compliance burden, provide appropriate Policy and Financial stimulus to the existing TSPs, and enhance Ease of Doing Business in the sector.
2. COAI has always advocated that the Gross Revenue shall include revenue received only from licensed telecom services under various Authorizations of Unified License. However, several activities, which are not even telecom services, have been considered as part of the Gross Revenue and AGR. For instance, the sale of handsets, etc. do not require any licenses. Such activities are also not covered by the scope of the license. Consequently, the revenue generated from these specific activities which do not require licensing should not be factored into the AGR.
3. Further, the USOF levy should be abolished. There is a huge unutilized corpus in the USO Fund to the tune of nearly Rs. 80,000 crores. Till the utilisation of this fund, no USOF levy be charge from the operators. This approach would provide



immediate relief to the telcos while ensuring the continued support for USO objectives of penetration of telecom services in the rural and remotest areas, thereby increasing the tele-density in the country.

4. The present License Fee component of 3% of AGR should be reduced to less than 1% of AGR at the earliest to cover administrative costs by the DoT/Government.
5. To ease the financial burden and enable telecom operators to raise funds, the requirement for submitting Bank Guarantees for spectrum payments was removed starting with the 2022 Auctions as the Industry has matured and the past practice of BG is no longer required. However, TSPs still need to provide BGs for spectrum acquired before 2022, which ties up their working capital and hinders network investment. **Given that the securitization requirement for future spectrum dues has been eliminated, the same should apply to earlier spectrum payments as well.** The creditworthiness of TSPs remains consistent, whether for past or future spectrum auction payments.
6. The FBG and PBG are required to securitize the liabilities of license fee and other non-securitized dues on one hand, and violation of license and performance conditions on the other. In the current scenario, there are hardly any serious violations by the TSPs, on the licensing and performance related guidelines as mentioned in the license. Thus, the basic purpose of the earlier Bank Guarantees for the afore-mentioned securitization does not prevail. In view of the same **we submit that the requirement of Bank Guarantees (both PBG and FBG) by the existing Telecom Licensees should be completely done away with** paving the way of "Ease of Doing Business" and improving the Cash Flow / liquidity of the sector.
7. The present process of separate assessments for each kind of spectrum unnecessarily complicates the whole process of SUC calculation, assessments and adjustments. We submit that a consolidated SUC Rate, (being sum total of weighted average of SUC rates for access spectrum (GSM) and SUC rates for MWA, SUC Rates for MWB, and SUC rate of E-Band) as applicable for respective operators, may be used which can be applied on AGRs. The calculation of this consolidated rate may be shared and agreed with the operators and thereafter used for SUC payments. This will simplify the process and improve the ease of doing business w.r.t. SUC payment assessments.
8. The burden of security compliance has been increasing in the telecom sector. In view of the **increased security requirements that are being imposed on the telecom industry, there is a need to provide budgetary support, or allocations as may be necessary** for implementation of national security measures. The Government agency seeking any such security requirements should bear the cost of enabling such compliance/ providing such information.
9. In India, the Government has adopted the ICNIRP guidelines in the year 2008 for limiting reference levels of Electromagnetic radiation from Mobile towers by inserting the additional clause in the Access Service Licenses vide its amendment letter dated 4/11/2008. However, these norms for exposure limit for the Radio Frequency Field (Base Station Emissions) have been made further stringent in India and reduced to 1/10th of the existing limits prescribed by International Commission



on Non-Ionizing Radiation Protection (ICNIRP) in 2012, by DoT. **It is suggested that the ICNIRP levels adopted in India be aligned with the international levels. This would lead to better coverage and quality of service to the customers.**

D. Migration

1. Migration to new terms **should be a choice, not a mandate, for the duration of the license contract.** Further, to ensure level playing field, the terms and conditions applicable through the existing license agreement under Indian Telegraph Act, 1885 and the authorization agreement under the newly enacted Telecommunication Act, 2023 shall always remain same.
2. Ensure that any conditions prescribed, or exemptions granted do not create a non-level playing field for entities offering same services. **Principle of no worse off should be ensured; terms and conditions should be such that TSPs are no worse off in the new regime.**
3. It should be ensured that the migration of licensees to the new regime **should not have adverse influence on matters pending litigation or which takes away the existing legal right of the licensees.** In case of voluntary migration to new regime by telecom operators, no onerous conditions should be imposed and no charges for voluntary migration be levied.

E. OTT Services

1. **As per our understanding, OTT Communication services are covered under the new Telecom Act** as an access service.
2. Further, as submitted by COAI in its response to the TRAI CP on “Regulatory Mechanism for Over-The-Top (OTT) Communication Services, and Selective Banning of OTT Services” dated 07th July 2023, we reiterate our view that the players providing OTT communications services should be brought under the licencing framework.
3. To address the issues of non-level playing field and ensure adoption of principles of “Same Service Same Rule”, these competing and substitutable services should be included under Access Services authorization under the new framework.

With respect to the questions asked in the Consultation Paper, our issue-wise response is as follows:

A. Manner of Granting Authorisation:

- Q1. **For the purpose of granting authorisations under Section 3(1) of the Telecommunications Act, 2023, whether the Central Government should issue an authorisation to the applicant entity, as is the international practice in several countries, in place of the extant practice of the Central Government entering into a license agreement with the applicant entity? In such a case, whether any**



safeguards are required to protect the reasonable interests of authorized entities? Kindly provide a detailed response with justifications.

COAI Response

- a) One of the effects of the enactment of the Telecommunication Act, 2023 is that, henceforth, persons desiring to provide telecommunication services in the country will have to obtain authorizations from the Central Government under the Telecommunications Act, 2023 instead of licenses under the Indian Telegraph Act, 1885. **In order to maintain the parity between service providers under both dispensation, it is submitted that the Scope, and all the other associated Terms & Conditions of all the service authorizations should stay the same as is in the existing Unified Licence.**
- b) **Further, we submit that the authorization process must continue to retain the contractual nature of the present licenses and/or relationship between DoT and the TSPs – whether it is called an authorisation or a license.** The new framework should align with the essence of it being a bilateral contract and the terms and conditions should be prescribed after a thorough consultation.
- c) Entering into license agreements with TSPs has been the practice since the opening up of the telecom sector for private players. The same has been working fine for the past three decades, and we do not see any reason for any change in the same.
- d) The practice of entering into license agreements brings in predictability and stability in the regulatory regime – protecting TSPs from unilateral amendments. Such stability is a sine qua non for a capital-intensive sector like telecom.
- e) **Therefore, contractual nature of the authorisation/license as well as spectrum (both access and backhaul) assignment should continue even under the new dispensation. In any case, the rights of operators under present licenses and spectrum (both access and backhaul) assignments should be protected.**

B. The Structure of Authorization:

Q2. 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 authorised entities in case of any amendment in the rules? Kindly provide a detailed response with justifications.

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Q3. In case it is decided to implement the authorisation structure as proposed in the Q2 above,

- i. **Which essential aspects of authorisation should be included in**



authorisation documents?

- ii. **What should be the broad category of rules, under which, terms and conditions of various authorisations could be prescribed?**
- iii. **Whether it would be appropriate to incorporate the information currently provided through the extant Guidelines for Grant of Unified License and Unified License for VNO, which included, inter-alia, the information on the application process for the license, eligibility conditions for obtaining the license, conditions for transfer/ Merger of the license etc., in the General Rules under the Telecommunications Act, 2023?**
- iv. **What could be the broad topics for which the conditions may be required to be prescribed in the form of guidelines under the respective rules?**

Kindly provide a detailed response with justifications.

COAI Response

- a) In the grant of Authorizations, the Government should adopt the principles of Clarity & Transparency, Standardization, Legal certainty, Protection of interest of Authorized entities and most importantly, ensure level playing field. Further, as stated in response to Q1 above, the new dispensation must continue to retain the contractual nature of the authorisation/license and spectrum (both access and backhaul) assignment.
- b) We submit that if the terms and conditions which are presently part of the license, are moved to rules under the new dispensation, it will limit the contractual rights of the operators as well as the right to challenge the specific terms and conditions in a court of law.
- c) The essential aspects of the Authorisations can be drawn from the existing UL. Therefore, the essential aspects of authorization under Section 3(1) of the Telecommunications Act, 2023, should include all essential terms and conditions as are available in the Unified License presently (i.e. General chapter + specific Authorisation, under the broad headings of General, Commercial, Financial, Technical, Operations, Security and Spectrum allotment and use).
- d) Given the above background, rules may only provide for broader aspects which are currently part of the Guidelines for grant of UL/UL(VNO) – like application process, eligibility conditions, transfer/merger of license etc. The detailed terms and conditions should continue to be provided under the contractual instrument (by whatever name called) entered into between DoT and TSPs.
- e) As mentioned above, the simplified terms and conditions should be equally applicable on authorizations under existing UL.

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.

COAI Response

- a) While making the authorisations and the associated rules, **the principle of no worse off should be adopted**. Therefore, it must be ensured that the existing licensees are no worse off as per the new authorization and the associated rules. At the same time, principles of level playing field must also be ensured.
- b) Thus, a balanced and comprehensive approach should be adopted ensuring long-term regulatory stability and business continuity for service providers. In interest of level playing field, in case any relaxations are being provided under the new dispensation for say penalty structure or Authorisation fee as per the Telecommunications Act 2023, then the same should be equally applicable to existing Authorizations under UL.
- c) The rules under the Telecom Act should be issued only after a detailed public consultation process. It is appreciable that the Government has issued draft rules such as the Draft Digital Bharat Nidhi Rules, Draft Right of Way (RoW) rules etc. for comments from various stakeholders. However, there are multiple other provisions in the Telecom Act, which provide for rule-making by the Central Government – such rules, whenever made, should also follow a consultative process.
- d) There should be a clear legal provision for addressing disputes, including arbitration, mediation, and judicial review processes. There is a need to ensure that service providers have access to timely and impartial resolution of regulatory and operational conflicts.

C. Need for Single Authorization:

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.

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Q6. In case it is decided to introduce a unified service authorisation at National level for the provision of end-to-end telecommunication services-

- i. **What should be the scope of service under such an authorisation?**
- ii. **What terms and conditions (technical, operational, security related, etc.) should be made applicable to such an authorisation?**
- iii. **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?**



- iv. **Should assignment of terrestrial access and backhaul spectrum be continued at the telecom circle/ Metro area level for such an authorisation?**
- v. **Any other suggestion to protect the interest of other authorised entities/ smaller players upon the introduction of such an authorisation.**

Kindly provide a detailed response with justification.

COAI Response

- a) Members will respond individually.

D. Need for enhancing scope under Internet Service Authorization:

Q7. Within the scope of Internet Service authorisation under the Telecommunication 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.

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Q8. In case it is decided to enhance the scope of Internet Service authorisation as indicated in the Q7 above, -

- i. **What should be terms and conditions (technical, operational, security related, etc.) that should be made applicable on Internet Service authorisation?**
- ii. **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.

COAI Response

- a) There is no need for including the provision of leased circuits/Virtual Private Networks (VPNs) within its service area within the scope of Internet Service authorisation under the Telecom Act.
- b) At present the provision of domestic leased circuits/ Virtual Private Networks (VPNs) to third parties is allowed under the UL Access/NLD licence only. This forms an important part of the enterprise business of the Access service providers.
- c) Currently, leased circuits/VPN services are allowed to be provided under Access and NLD authorisations. However, both these authorisations involve a much higher entry fee when compared to ISP authorisation. There are also minimum equity and minimum net worth requirements of 2.5 Cr. each in both Access and NLD authorisations, whereas there is no such requirement in case of ISP authorisation. Enhancing the scope of ISP authorisation would be unfair to existing



Access and NLD operators who have become eligible to provide such services after paying a huge entry fee and meeting the stringent criteria.

- d) In case a particular ISP operator has spare capacity and wished to provide leased circuits/VPNs, it may obtain the relevant authorisation after paying the higher entry fee and meeting the aforesaid criteria of minimum equity and net worth.
- e) In light of the above, we submit that there is no need to enhance the scope of Internet Service authorisation under the Telecommunication Act, 2023. ISPs Should not be allowed to provide domestic leased circuits/ Virtual Private Networks (VPNs) to third parties.
- f) As stated above, **we reiterate that while making the authorisations and the associated rules, the principle of no worse off should be adopted.**
- g) Therefore, it must be ensured that the existing licensees are no worse off as per the new authorization and the associated rules. At the same time, principles of level playing field must also be ensured.

E. Need for increasing or reducing the number of authorizations.

Q9. Whether there is need for merging the scopes of the extant National Long Distance (NLD) Service authorization and International Long Distance (ILD) Service authorization into a single authorisation namely Long Distance Service authorisation under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.

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Q10. In case it is decided to merge the scopes of the extant NLD Service authorization and ILD Service authorization into a single authorisation namely Long Distance Service authorisation under the Telecommunications Act, 2023,

- i. **What should be the scope of service under the proposed Long Distance Service authorisation?**
- ii. **What terms and conditions (technical, operational, security related, etc.) should be made applicable on the proposed Long Distance Service authorisation?**
- iii. **Any other suggestions to protect the reasonable interests of other authorised entities upon the introduction of such an authorisation?**

Kindly provide a detailed response with justifications.

COAI Response

- a) Members will respond individually.



Q11. Whether there is need for merging the scopes of the extant GMPCS authorization and Commercial VSAT CUG Service authorization into a single authorisation namely Satellite-based Telecommunication Service authorisation under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.

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Q12. In case it is decided to merge the scopes of the extant GMPCS authorization and Commercial VSAT CUG Service authorization into a single authorisation namely Satellite-based Telecommunication Service authorisation under the Telecommunications Act, 2023, -

- i. What should be the scope of service under the proposed Satellite-based Telecommunication Service authorisation?**
- ii. What should be terms and conditions (technical, operational, security related, etc.) that should be made applicable on the proposed Satellite-based Telecommunication Service authorisation?**
- iii. Any other suggestion to protect the reasonable interests of other authorised entities upon the introduction of such an authorisation?**

Kindly provide a detailed response with justifications.

[COAI Response](#)

- a) Members will respond individually.**

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.

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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,

- i. What should be the scope under the proposed authorisation?**
- ii. What terms and conditions should be made applicable to the proposed authorisation?**

Kindly provide a detailed response with justifications.

[COAI Response](#)

- a) Members will respond individually.**



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,

- i. What should be the scope of the service?**
- ii. What should be the service area?**
- iii. What terms and conditions (technical, operational, security, etc.) should be made applicable?**

Kindly provide a detailed response with justification.

COAI Response

- a) Members will respond individually.

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

COAI Response

- a) Members will respond individually.

Q17. Whether there is a need for introducing certain new authorisations or sub-categories of authorisations under the Telecommunications Act, 2023? If yes, -

- i. For which type of services, new authorisations or sub-categories of authorisations should be introduced?**
- ii. What should be the respective scopes of such authorisations?**
- iii. What should be the respective service areas for such authorisations?**
- iv. What terms and conditions (general, technical, operational, Security, etc.) should be made applicable for such authorisations?**

Kindly provide a detailed response with justifications.

COAI Response

- a) As per our understanding, OTT Communication services are covered under the new Telecom Act as an access service.
- b) While there is no need for a new authorization, it would be prudent to explicitly capture the existing scope of Access Services Authorization which includes OTT communication services, based on the provisions of the Telecommunications Act 2023. We reiterate that as per our understanding, OTT Communication services are covered under the new Telecom Act as an access service.



- c) **Bringing OTT communication services under the authorisation/licensing regime would ensure fair competition, address potential biases, and foster a level playing field within the telecommunication industry.**
- d) OTT Communication Services over a period of time have drastically increased their scope to become the perfect substitution of voice and video calls carrier which has been the bread and butter of the TSPs. Furthermore, the OTT Communication Services utilize network infrastructures provided by the TSPs. Unlike TSPs, OTTs lack their own established infrastructure and instead rely on the investments made by the TSPs.
- e) Despite being a perfect substitute for TSP services, OTTs do not bear the burden of fees, such as Entry Fee, License Fees, Spectrum Usage Charge (SUC), Bank Guarantees, Tariff compliances, etc. which creates an unfair and biased competitive landscape.
- f) **Therefore, we submit that the players providing OTT communications services be brought under the licencing framework and these services should be included in scope of Access Services Authorization.**
- g) This will ensure that the issues pertaining to non-level playing field are addressed and the principle of “Same Service Same Rule” is adhered with.

F. Terms and Conditions of Authorization under New Framework:

Q18. In view of the provisions of the Telecommunications Act, 2023 and technological/market developments, -

- i. **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?**
- ii. **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.

COAI Response

- a) The review of the Scope and Terms & Conditions, of various Authorisation under UL is a very comprehensive subject which will require detailed deliberation, Consultation and adequate time which is required to carry out its review. **Thus, at present the Scope, and the associated Terms & Conditions of all the existing Service Authorizations under the UL as well as new dispensation should stay the same as in the existing Unified Licence.**



- b) Further, we reiterate our previous submissions that the government should consider relaxing the terms and conditions with a view to reduce compliance burden on the sector.

Q19. In view of the provisions of the Telecommunications Act, 2023 and technological/market developments, -

- i. 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?
- ii. 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.

COAI Response

- a) With regard to the Authorization of VNOs, we submit that there is no need to increase or change the scope of any service under the extant UL VNO.

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.

COAI Response

- a) TRAI issued a Consultation paper titled “Connectivity to Access Service VNOs From More Than one NSO” dated 23rd February 2024.
- b) We reiterate the submission of COAI that UL(VNO) licensee are already permitted to get connectivity from different wireline NSOs at different EPABX level and there is no need to further liberalizing this regime. Therefore, UL(VNO) licensee should not be permitted to take connectivity with more than one NSO in a LSA for providing wireline and wireless access service.
- c) Further, we submit that there is no need to add any conditions in the authorisation and the present conditions prevailing in the Unified License conditions should continue to exist.
- d) Multi-parenting could potentially disrupt market competition by assuming the role of super-aggregators, possibly adversely impacting National security. This could also have adverse impact on other critical licensing considerations that were duly deliberated upon during the introduction of the VNO regime.



- e) Multi-parenting has been allowed only in the case of wireline access services, and that too only under certain conditions. These rules and conditions have been arrived at after detailed analysis and huge deliberations conducted on multiple occasions over the last 15 years. Throughout these years, the view that multi-parenting cannot be allowed in case of wireless access services has never been in question.
- f) As seen from the TRAI Recommendations over the years (since 2008 till 2017¹), the Authority has comprehensively consulted upon and reviewed the entire regime at regular intervals and has retained its broad principled position on the matter. Even the guidelines framed by DoT consequent to these Recommendations have been in line with these positions i.e. both the Authority and the DoT. Hence multi-parenting in wireless access services cannot be allowed as it involves multiple complexities and risks.

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.

COAI Response

- a) No, there is no need to permit service-specific and/or multi-parenting. The extant approach of authorisation-specific parenting should be continued with.
- b) We understand that service specific parenting amounts to multiparent. Allowing VNOs to be permitted service-specific parenting with NSOs can have several challenges and repercussions. In this context, this proposal would simply bypass the restriction on multi-parenting in case of Access services. Some of them are as follows:
 - i) Regulatory Control: Allowing a UL(VNO) licensee to connect with multiple NSOs within an LSA for wireline or/and wireless access service could lead to regulatory challenges and complexities. It would require stringent oversight and monitoring to ensure compliance with regulations related to interconnection, quality of service, and fair competition.
 - ii) Infrastructure Optimization: Limiting a UL(VNO) licensee to connect with only one NSO within an LSA promotes efficient infrastructure utilization. It encourages collaboration and investment in shared infrastructure, leading to better resource allocation and optimization of network resources within the area. Moreover, if VNOs are allowed to have multiple NSOs as parent, it would cause a significant arbitrage in favour of VNOs v/s TSPs.
 - iii) Quality of Service: Connecting with multiple NSOs within an LSA can introduce complexities in managing service quality. Different NSOs may have varying network capabilities, service standards, and operational procedures, leading to potential inconsistencies in service delivery and customer experience.

¹ https://traai.gov.in/sites/default/files/Recommendations_on_VNO_8092017.pdf



- iv) In case the VNO feels the need for taking connectivity from more than one NSO, then it may be better for the VNO to take UL Access Licence.
- v) Further both the Authority as well as DoT have time and again decided against multi-parenting in Access services. We submit that the Authority should continue with its consistent stand.

Q22. In view of the provisions of the Telecommunications Act, 2023 and technological/market developments, -

- i. **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.?**
- ii. **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.

COAI Response

- a) We submit that since there exists a well-established telecom network infrastructure which has been established over the last 25 years, no major overhaul is required.
- b) Therefore, it is imperative that the authorization process must continue to retain the contractual nature of the present licenses. This will ensure uniformity and will enable migration from the old Telegraph Act to the present New Telecom Act.
- c) Thus, the Scope, and all **the other associated Terms & Conditions of all the service authorizations should remain consistent with the existing Unified Licence and any simplification wherever possible is provided.**

Q23. 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:

- i. **Digital Connectivity Infrastructure Provider (DCIP) Authorization (under Unified License)**
- ii. **IXP Authorization (under Unified License)**
- iii. **Content Delivery Network (CDN) Registration**
- iv. **Satellite Earth Station Gateway (SESG) License**



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

COAI Response

- a) Members will respond individually.

Q24. In view of the provisions of the Telecommunications Act, 2023 and market developments, any further inputs on the following issues under consultation, may be provided with detailed justifications:

- i. **Data Communication Services Between Aircraft and Ground Stations Provided by Organizations Other Than Airports Authority of India;**
- ii. **Review of Terms and Conditions of PMRTS and CMRTS Licenses; and**
- iii. **Connectivity to Access Service VNOs from more than one NSO.**

COAI Response

- a) We have provided our detailed comments to the above-mentioned issues under consultation to the Authority. We have no further comments to make in this regard.

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.

COAI Response

- a) We submit that in the spirit of ease of doing business, associated Terms & Conditions should be simplified for both new authorizations and corresponding authorizations under Unified License. The Government should reduce regulatory cost, reduce compliance burden, provide appropriate Policy and Financial stimulus to the existing TSPs, and enhance Ease of Doing Business in the sector.
- b) COAI has always advocated that the Gross Revenue/AGR should **include only the revenue received under licensed telecom services under various Authorizations of Unified License.** However, several activities, which are not even telecom services, have been considered as part of the Gross Revenue and AGR. For instance, the sale of handsets, etc. do not require any licenses. Such activities are also not covered by the scope of the license. Consequently, the revenue generated from these specific activities which do not require licensing should not be factored into the AGR.
- c) Further, the USOF levy should be abolished. There is a huge unutilized corpus in the USO Fund to the tune of nearly Rs. 80,000 crores. Till the utilisation of this fund, no USOF levy be charge from the operators. This approach would provide immediate relief to the telcos while ensuring the continued support for USO objectives of penetration of telecom services in the rural and remotest areas, thereby increasing the tele-density in the country.



- d) The present License Fee component of 3% of AGR should be reduced to less than 1% of AGR at the earliest to cover administrative costs by the DoT/Government.
- e) Similarly, the requirement for submitting Bank Guarantees for spectrum payments was removed starting with the 2022 Auctions as the Industry has matured and the past practice of BG is no longer required. However, TSPs still need to provide BGs for spectrum acquired before 2022, which ties up their working capital and hinders network investment. **Given that the securitization requirement for future spectrum dues has been eliminated, the same should apply to earlier spectrum payments as well.** The creditworthiness of TSPs remains consistent, whether for past or future spectrum auction payments.
- f) The FBG and PBG are required to securitize the liabilities of license fee and other non-securitized dues on one hand, and violation of license and performance conditions on the other. In the current scenario, there are hardly any serious violations by the TSPs, on the licensing and performance related guidelines as mentioned in the license. Thus, the basic purpose of the earlier Bank Guarantees for the afore-mentioned securitization does not prevail. In view of the same **we submit that the requirement of Bank Guarantees (both PBG and FBG) by the existing Telecom Licensees should be completely done away with** paving the way of “Ease of Doing Business” and improving the Cash Flow / liquidity of the sector.
- g) The present process of separate assessments for each kind of spectrum unnecessarily complicates the whole process of SUC calculation, assessments and adjustments. We submit that a consolidated SUC Rate, (being sum total of weighted average of SUC rates for access spectrum (GSM) and SUC rates for MWA, SUC Rates for MWB, and SUC rate of E-Band) as applicable for respective operators, may be used which can be applied on AGRs. The calculation of this consolidated rate may be shared and agreed with the operators and thereafter used for SUC payments. This will simplify the process and improve the ease of doing business w.r.t. SUC payment assessments.
- h) The burden of security compliance has been increasing in the telecom sector. In view of the **increased security requirements that are being imposed on the telecom industry, there is a need to provide budgetary support, or allocations as may be necessary** for implementation of national security measures.
- i) TSPs have been receiving multiple requests from various Government users/ departments for sending SMSes/out-bound dialer (OBD) calls for various purposes. For instance, TSPs collectively sent ~ 260 Crores SMSes and a significant amount of OBD calls on behalf of ECI, to create awareness, and boosting voter turnout in the General Elections 2024. However, TSPs are not being compensated in any manner for the same. The principles of cost causality and work-done demand that the TSPs are compensated, especially since these requests are only going to increase in the future. Considering that elections are due in 5 states within the next year, there is an urgent need for DoT to facilitate a discussion between the relevant parties regarding signing of an MoU or an agreement between Government agencies such as ECI and TSPs laying out the



compensation structure as well as the terms and conditions for such communications via calls including OBD calls and SMS.

- j) In India, the Government has adopted the ICNIRP guidelines in the year 2008 for limiting reference levels of Electromagnetic radiation from Mobile towers by inserting the additional clause in the Access Service Licenses vide its amendment letter dated 4/11/2008. However, these norms for exposure limit for the Radio Frequency Field (Base Station Emissions) have been made further stringent in India and reduced to 1/10th of the existing limits prescribed by International Commission on Non-Ionizing Radiation Protection (ICNIRP) in 2012, by DoT. **It is suggested that the ICNIRP levels adopted in India be aligned with the international levels. This would lead to better coverage and quality of service to the customers.**
- k) EMF Penalties - currently, penalties are imposed by DoT even on procedural errors, which have no correlation with EMF radiation. **Penalties should not be levied on procedural grounds but only for cases that exceed prescribed radiation thresholds for EMF.**
- l) **WPC Scrapping Certification for Active Equipment-** Currently, TSP must obtain scrapping certification from WPC for each active equipment before discarding. Industry safely discards quite a lot of pieces of equipment every year by the industry as a whole. Obtaining scrapping certification for each equipment requires field visit by DoT as well as TSP, which does not add any value but makes the process unnecessarily time-consuming. In this context, intimation may prove to be adequate.
- m) Currently, TSPs are mandated to obtain Wireless Operating License (WOL) for the microwave spectrum assigned to it. We submit that TSPs already seek SACFA clearances for the same. Given that, and the requirement to obtain DPL/Import License, there is no value addition that the requirement to obtain WOL does. Rather, it only adds up to the compliance burden of the TSPs unnecessarily. Therefore, the requirement for licensed TSPs to obtain WOL for their microwave spectrum, should be done away with.
- n) Clause 39.22(v) under Chapter-VI (Security Conditions) requires regular inspection of leased circuits for bonafide use. Physical verification of premises for data centers is challenging due to unmanned locations and high security. The requirement should be relaxed.
- o) Clause 2.4 under Chapter-I (General Conditions) provides that licensees may share infrastructure as per the respective scopes of individual service authorisations. Thereafter, each individual service authorisation has separate clauses on infrastructure sharing. This leads to confusion and non-uniformity. In the interests of simplification, the infrastructure sharing provisions should be deleted from the respective service authorisations. Instead, it should be provided under Part-I of the UL (applicable to all service authorisations), that sharing of both passive and active infrastructure (except core network) is allowed. Further, pass-through deductions should be allowed for infrastructure sharing charges.
- p) Clause 30 under Chapter-V (Operating Conditions) prescribes certain



requirements related to subscriber registration and provision of service. For instance, it requires publication of telephone directory, provision of hard copy of itemized bill to customers, consumer grievance redressal, etc. However, we submit that most of these requirements have now become redundant in view of the change in nature of services and market dynamics. Moreover, TRAI regulations also take care of some of these requirements. Therefore, such requirements may be reviewed and done away with.

Q26. In view of the provisions of the Telecommunications Act, 2023 and market/ technological developments, whether there is a need to make some changes in the extant terms and conditions, related to ownership of network and equipment, contained in the extant Unified License? If yes, please provide the details along with justifications.

COAI Response

- a) The review of terms and conditions, related to ownership of network and equipment under the existing UL is a very comprehensive subject which will require detailed deliberation and adequate time is required for the same. Therefore, we submit that at present, the extant terms and conditions, related to ownership of network and equipment, contained in the extant Unified License **should stay the same.**

Q27. Whether any modifications are required to be made in the extant PM-WANI framework to encourage the proliferation of Wi-Fi hotspots in the country? If yes, kindly provide a detailed response with justifications.

COAI Response

- a) Public Wi-Fi has lost its relevance due to several factors. The rapid expansion of 4G and 5G mobile networks coupled with extremely low data rates offered by TSPs, has made personal mobile data connections more accessible and reliable for most users. Affordable smartphones and low cost data services provide convenience and security, reducing reliance on public Wi-Fi, which often suffers from slow speeds and potential security risks. Additionally, the increasing availability of fiber-to-home broadband connections in urban areas has reduced the need for public Wi-Fi hotspots.
- b) The form factor or primary means by which any internet access, including WiFi reaches rural areas is through mobile devices. These handsets are already being serviced by telecom operators. Consequently, there may be little need for public Wi-Fi infrastructure in these regions.

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.

COAI Response

- a) We submit that there should be no change as there is no requirement for establishment of a 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.

- b) If required, the authority can issue a separate Consultation Paper for carrying out any changes in the broad framework for captive authorisations, which are issued on case-to-case basis.

Q29. What amendments are required to be incorporated in the terms and conditions of authorisations for providing telecommunications services using satellite-based resources in light of the policy/ Act in the Space Sector? Kindly provide a detailed response with justifications.

COAI Response

- a) Members will respond individually.

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.

COAI Response

- a) Members will respond individually.

G. Migration of existing service licenses

Q31. What conditions should be made applicable for the migration of the existing licensees to the new authorisation regime under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.

&

Q32. What procedure should be followed for the migration of the existing licensees to the new authorisation regime under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.

COAI Response

- a) Telecom Operators should be encouraged to migrate to Authorisations as per the new regime, however, there should not be any forced migration. Existing licensees should be given an option to migrate. Section 3(6) of the Telecom Act already envisages such process to be optional. We sincerely hope that the rules will be consistent with the provisions under the Act and will not require any of the existing licensees to mandatorily migrate to the new regime. Further, to ensure level playing field, the terms and conditions applicable through the existing license agreement under Indian Telegraph Act, 1885 and the authorization agreement under the newly enacted Telecommunication Act, 2023 should remain the same.
- b) Ensure that any conditions prescribed, or exemptions granted do not create a non-level playing field for entities offering same services. **Principle of no worse off**



should be ensured; terms and conditions should be such that TSPs are no worse off in the new regime.

- c) It should be ensured that the migration of licensees to the new regime should not have adverse influence on matters pending litigation or which takes away the existing legal right of the licensees. In case of voluntary migration to new regime by telecom operators, no onerous conditions should be imposed and **no charges for voluntary migration be levied.**

H. Merger, demerger or acquisition:

Q33. Do you agree that new guidelines for the transfer/ merger of authorisations under the Telecommunications Act, 2023 should be formulated after putting in place a framework for the authorisations to be granted under the Telecommunications Act, 2023? Kindly provide a detailed response with justifications.

COAI Response

- a) Members will respond individually.

I. Civil penalties for breach of terms and conditions:

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

COAI Response

- a) 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 Telecom Act.
- b) Telecom Act lists down the factors which need to be taken into account by an Adjudicating Officer while deciding on the amount of penalty under the Second Schedule. However, the application of these factors should not be left to the discretion of individual officers; rather, detailed guidelines should be issued as to how the application of these factors may result in the classification of a breach as severe, major, moderate, minor or non-severe, along with examples.
- c) There is a continuous need to find the right balance between regulatory compliance and growth of the sector. The need to reduce penalties stems from several factors such as encouraging investment, promoting innovation, improving the financial health of telecom operators, and focusing more on compliance than punishment.



- d) We further submit that penalty should be imposed only when it is clearly established without doubt that there has been willful conduct on the part of the licensee/authorised entity, which resulted in the breach. Furthermore, the penalty amount should be charged only once per incident, irrespective of the number of authorisations held by the operator or the number of circles affected by the incident.

J. Service Authorizations under present UL/UL(VNO) licensing regime

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 net worth of the Authorised entity Please support your response with proper justification.**

COAI Response

- a) Members will respond individually.

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 network of the Authorised entity Please support your response with proper justification.**



COAI Response

- a) Refer to our response to Q7-8 in which we do not agree with the enhancement of scope of Internet services authorization. There are complexities that must be addressed before considering any such scope enhancement for ISP authorization.
- b) Therefore, no changes are required for the application fee, entry fee, BGs, minimum equity and net worth requirements in this case.

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.**

COAI Response

- a) Members will respond individually.

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.



COAI Response

- a) Members will respond individually.

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.**

COAI Response

- a) Members will respond individually.

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 net worth of the Authorised entity**

Please support your response with proper justification.

COAI Response

- a) Please refer our response to Q17 wherein we propose to that OTT Communication services **should be included in scope of Access Services Authorization.**
- b) The associated financial T&Cs to be made applicable to this authorisation should be based on the principle of 'Same Service – Same Rules'. As the services provided by traditionally licensed TSPs and OTT Communication Service



providers are functionally substitutable, parity should be maintained in the T&Cs applicable to both. This is necessary to ensure a level playing field.

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.

COAI Response

- a) We support continuation of current regime without changes for the various service authorisations including VNOs, other than the /new service authorisations.
- b) However, if the Authority proposes any changes that lead to reduction, such reductions in fees or charges, should be uniformly applied to all authorised entities and licensees in a non-discriminatory manner including adjustments for existing licensees. This includes those operating under both the current and previous regulatory regimes.

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.

COAI Response

- a) The entry fee should be kept the same as existing for the various service authorisations under the UL/UL-VNO license. This will discourage non-serious participants and also protects existing operators who have already paid substantial non-refundable entry fees – from any disadvantage vis-à-vis new entrants.
- b) In respect of BGs, we reiterate that the requirement of BGs should be done away with. However, in case the requirement is to be retained, it should be the same as existing for the various service authorisations under the UL/UL-VNO license.

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.



COAI Response

(i) Chapter III (Financial Condition) of the UL:

a) LF Payment & Assessment

Advance payment of License Fees

Clause 20.4 of the UL, which provides for the schedule of payment of LF, requires the payment for 4th quarter of the year by 25th March on the basis of expected revenue for the quarter, subject to a minimum payment equal to the revenue share paid for the previous quarter.

b) Clause for Reciprocal Interest

Further, clause 20.7 of UL prescribes interest in case of any delay in payment of LF. Since the payment for the 4th quarter is in advance and on an estimated basis, there may be some excess/ short payment of LF. Again, as per clause 20.8, the final adjustment of LF is to be done on the basis of the audited statement submitted by the licensee. Many a times, in order to avoid accumulation of penal interest, TSPs estimate by keeping additional margin leading to excess payment of LF.

However, despite being a contract wherein parties to contract have equal rights, while DoT has kept provision for charging interest on short/delayed payment, there is no reciprocal provision for interest in case of refund becoming due to the TSP. It is to be noted that even in case of Income Tax refunds, which is a statutory levy, there is provision to pay interest on Tax refunds for delay beyond a particular period.

c) Special Audit of TSP

Clause 22.5 and 22.6 of the UL provide for Special Audit of the TSP, appointment of Special Auditors, their powers, cost etc. and appear to be repetitive in nature. Additionally, at present the clause is one sided and does not allow right of representation against decision for such special Audit.

Therefore, we recommend the following provisions/modification under the financial conditions of the License Agreement:

A. LF Payment & Assessment

1. In case of advance payment to be made on 25th March, there should not be a mandate to pay minimum equal to the payment made for 3rd quarter of the year. Further, if it needs to be mandated, then interest should not be levied in case there is a shortfall in the payment which got actualized/paid at the time of final payout, i.e. on 15th April.
2. There should be provision for reciprocal interest in case of refund due to the TSP. This will ensure timely assessment and no loss to TSP even if some excess payment has been made by the TSP, besides ensuring time value of money.



B. Special Audit:

1. Clause 22.5 and 22.6 may be combined into one.
2. The new clause should also provide for an 'opportunity of being heard' to be given to TSP before finalizing decision on Special Audit, and for a reasoned order against the TSP's submissions.

(ii) Pass-Through Deductions for Infrastructure Sharing Charges

- a) In case of a VNO, all charges paid to TSP through whose network the VNO's services are actually provisioned, is allowed as deduction from GR/ApGR. However, if the TSP takes bandwidth from another TSP to complete its network, the same is not allowed as a deduction.
- b) It is be understood that similar to VNO, TSP also takes services from another TSP to complete the gap in ultimate service to be rendered to end customer. For example, an Access Licensee establishes a network connection with an ISP to allow its customers access to internet or an NLD license takes last mile connectivity from other NLD/Access provider to serve its end customers etc.
- c) Thus, the way amount paid by a VNO to TSP is an input cost for VNO, the charges paid by one TSP to another TSP is also an input cost for the TSP paying the same. Additionally, NDCP 2018, vide section 2.1(b)(ii), provides that the LF paid on any input services should be set off against the LF payable by an operator on output service, thereby avoiding double incidence of levies.
- d) Therefore, the charges for infrastructure sharing paid by one TSP to another TSP should be allowed as deduction while computing the AGR of paying TSP and the conditions to that extent should be modified.

K. Other Standalone licenses/registrations/authorisations

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 networth etc. of the Authorised entity.**

Please support your response with proper justification.

COAI Response

- a) Members will respond individually.



Q46. For MNP license and CMRTS authorisation, should the amount of entry fee and provisions of bank guarantees be:

- i. kept same as existing for the respective license/authorisation.**
- ii. kept the same as recommended by the Authority 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.

COAI Response

- a) Members will respond individually.

Q47. For other standalone licenses/ registrations/ authorisations/ permissions, should the existing framework for financial conditions be continued? Please provide detailed justification.

&

Q48. If answer to question above is no, what should be the new/revised financial requirement viz. bank guarantee/ entry fee/ processing fee/ authorisation fees/ registration fees or any other charge/ fees? Please provide detailed justification in support of your response for each other license/ registration/ authorisation/ permission separately.

COAI Response

- a) The existing framework for financial conditions should be continued for other standalone licenses/registrations/authorisations/permissions. As a principle, we suggest that in the event the Authority decides to recommend lowering of any financial requirement, the same should be extended to all existing license/ registration/authorisation holders, in a non-discriminatory manner.

L. Formats for quarterly statements of Revenue and License Fee:

Q49. In case of the merged M2M-WPAN/WLAN service authorisation, what should be the processing fees or any other applicable fees/ charges. Please support your response with proper justification.

COAI Response

- a) Members will respond individually.



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.

COAI Response

- a) In the interest of ease of doing business, the requirement to submit an Affidavit with quarterly payment of LF and SUC should be done away with altogether. There is no need to even replace it with a Self-Certificate with similar content, as Aadhaar-based verification is carried out at the submission. In such a scenario, both Affidavit and Self-Certificate would only lead to time lag without adding any value.

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 alongwith detailed justification for the inclusion/deletion.

COAI Response

- a) Members will respond individually.

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.

COAI Response

- a) Members will respond individually.

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.

COAI Response

- a) Please refer to our response to Q7-8. We reiterate that there is no need to enhance the scope of the ISP authorisation as the same is against the spirit of level playing field.

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.

COAI Response

- a) Members will respond individually.



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.

COAI Response

- a) Members will respond individually.

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.

COAI Response

- a) OTT Communication services **should be included in scope of Access Services Authorization**. Further, the financial T&Cs for this authorisation should be based on the principle of 'Same Service – Same Rules'. Accordingly, the format of AGR statement for OTT Communication Service authorisation should also follow on similar lines as applicable to traditionally licensed TSPs.

M. Other issues:

Q57. Whether there is a need to review/ simplify the norms for the preparation of annual financial statements (that is, the statements of Revenue and License Fee) of the various service authorizations under UL, UL(VNO) and MNP licenses? Please give detailed response with proper justification for each authorization/license separately.

COAI Response

- a) At present, the norms of accounting under the license do not allow to follow a consistent accounting policy which is a basic norm for the preparation of any financial statement. For instance, while Revenue is allowed on accrual basis, Expense is allowed on actual paid basis.
- b) Further, as per the norms of preparation of Annual Financial Statement as prescribed under the license agreement, there are many items of information that are not relevant today, e.g.:
- i. Service Tax/Sales Tax billed, collected and remitted to the Government.
 - ii. Details of income from sale of goods indicating income and no. of units sold, method of inventory valuation, cost of goods sold etc.
 - iii. Increase /decrease in stock.



- iv. Details of reversals of previous years' debits to be shown component wise.
- v. Further bifurcation of Roaming charges into:
 - o Airtime collected
 - o Airtime remitted
 - o Roaming commission retained
 - o Roaming commission paid
 - o Any other variable charges
- vi. Total Airtime Units (metered units) for home and visiting subscribers and unbilled numbers.

Therefore, it is suggested that the AGR Statement should be prepared following a consistent approach adopted all across industry and the requirements should be aligned with the Companies Act.

Q58. In case of migration, how the entry fee already paid by the company be calculated/ prescribed for the relevant authorisation(s)? Please provide detailed justification in support of your response.

COAI Response

- a) We submit that in case of migration, no entry fee should be applicable since the existing licensees have already paid entry fee at the time of obtaining the extant license. The entry fee currently prescribed in the Unified License (UL) should be carried forward to the new Authorization framework. The existing telecom operators have already paid this fee when obtaining their licenses under the current regime. Thus, in case of any decrease in the Entry Fee, the existing entry fee should be refunded on pro-rata basis.
- b) For new entities seeking Authorization for various services, we submit that the entry fee should be calculated based on the existing values in UL. This approach would maintain consistency and ensure level playing field between existing operators and new entrants.
- c) However, in case migration extends the life of these authorizations/licenses, then an entry fee may be charged subject to pro-rata rebate calculated on old entry fee for the remainder of life of the extant license as is currently envisaged under UL guidelines clause 8.3 of UL guideline No. 20-281/2010-AS-I (Vol VI) dated August 19, 2013.

Q59. Should the application processing fee be applicable in case of migration. In case the response is yes, what should be amount of application processing fee? Please give reason(s) in support of your answer.



COAI Response

- a) With regard to application processing fee, we submit that the existing telecom operators have already paid this fee when obtaining service authorization under the Unified Licensing (UL) regime. Therefore, the application processing fee, in case of migration, should not be charged on the existing telecom operators. Imposing such a fee would result in double charging, which contradicts the principle of Ease of Doing Business (EoDB).
- b) However, new entities seeking service authorization should be required to pay an application processing fee. When determining this fee for new entities, the Government should ensure that it is equivalent to the fee previously paid by existing telecom operators thereby maintaining the level playing field.

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

COAI Response

- a) Members will respond individually.

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.

COAI Response

The following overarching principles may be kept in mind:

(i) Provisions of Bank Guarantees

- a) The requirement for a BG should be done away with as industry has matured over the last 25 years, and financial obligations that can block precious capital/funds which otherwise could have been deployed into networks and services should be removed.
- b) On the aspect of securitizing the Government dues, the risk to government dues is actually emerging more due to high levels of recurring and sector specific levies i.e. LF/USOF levy/SUC rather than TSPs failure to pay the same. Hence the same should be substantially rationalized. Moreover, such imposition of BGs to securitize dues is not consistent with other statutory dues like tax dues – there are no requirement of BGs under Income Tax Act or under GST laws to securitize such due payments.
- c) However, in case Government still believes that the requirement of BG cannot be dispensed with, but decides to reduce the amount, the benefit of the lower amount of BG should be accorded to existing licensees as well.



(ii) **Definitions of GR, ApGR and AGR**

- a) COAI has always advocated that the Gross Revenue shall include revenue received **only from licensed telecom services** under various Authorizations of Unified License.
- b) However, several activities, which are not even telecom services, have been considered as part of the Gross Revenue and AGR. For instance, the sale of handsets, etc. do not require any licenses. Such activities are also not covered by the scope of the license. Consequently, the revenue generated from these specific activities which do not require licensing should not be factored into the AGR.
- c) The scope of deduction should be increased to make it effective and should include charges paid by one TSP to another TSP to avoid the cascading effect of LF.

(iii) **Rate of authorization fee**

- a) At the outset, we submit that the USOF levy (5%) should be delinked from license/authorisation fee (3%).
- b) The license/authorisation fee should be brought down from 3% to less than 1%. The Government now earns significant revenues from spectrum auctions; and it is unlike the time when spectrum was bundled with license and LF was the only source of revenue for the Government. Thus, LF levy needs to be rationalized.
- c) As India's new Telecom Act ushers in reformed regulatory regime to attract investments, and ensure sustainability of the telecom sector, the regulatory levy (authorisation/license Fee component) should be rationalised in line with international jurisdictions, which recover only the administrative cost of managing/administering the authorisation/license. The same approach should now be followed in India i.e. recover only the cost of administering the authorisation/license, in line with international best practices.
- d) **Further, the USOF levy should be abolished.** There is a huge unutilized corpus in the USO Fund to the tune of nearly Rs. 80,000 crores. Till the utilisation of this fund, no USOF levy be charge from the operators. This approach would provide immediate relief to the telcos while ensuring the continued support for USO objectives of penetration of telecom services in the rural and remotest areas, thereby increasing the tele-density in the country.

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