

GTPL Broadband Pvt. Ltd.

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By Email

27th January 2020

To,

Shri Syed Tausif Abbas

Advisor (Networks, Spectrum and Licensing)

The Telecom Regulatory Authority of India

Mahanagar Doorsanchar Bhawan

Jawahar Lal Nehru Marg

New Delhi – 110002

Subject: Response to Consultation Paper on “Enabling Unbundling of Different Layers Through Differential Licensing”

We, GTPL Broadband Private Limited, are grateful to the Telecom Authority of India (“Authority”) for granting us the opportunity to share our comments on the Consultation Paper captioned as “Enabling Unbundling of Different Layers Through Differential Licensing”. Please find appended our response to the Consultation Paper as “**Annexure A**” for your consideration.

Thanking You

Yours Sincerely

For GTPL Broadband Pvt. Ltd.

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Authorized Signatory



ANNEXURE A

GTPL COMMENTS TO CONSULTATION PAPER ON UNBUNDLING OF LAYERS
OF LICENSING

Q1. In your view, what could be the possible benefits and anticipated problems in having an unbundled licensing regime? Kindly suggest the measures that can be taken to overcome the anticipated problems (if any).

GTPL Comments: At the advent, we would like to state that the present unified licensing regime governing the telecom industry was introduced by the Authority, pursuant to a thorough consultation process with all the major stakeholders of the industry. The primary objective behind introduction of Unified Licensing was to simplify the licensing process for promoting new entry and thereby increasing competition as well as to enable existing operators to easily and swiftly expand their service offerings by eliminating the need to obtain a new license every time for each new service added to their network. However, the Authority would acknowledge that the said regime has been facing quite a few issues/complications, which is adversely affecting the growth of the telecommunications industry as envisaged by the Authority. Therefore, we are of the view that rather than changing the entire regulatory regime yet again, the Authority may consider seeking the list of issues being faced by the various stakeholders and guide and support the stakeholders in addressing such crucial issues so as to ensure that the objective behind introduction of unified licensing regime is effectively achieved.

As stated in the present consultation paper, the unbundling of licensing framework purportedly could encourage niche and smaller players, who do not have adequate infrastructure, to actively participate in the sector, by delivering their services. However, it is pertinent to note that such a framework i.e. Virtual Network Operator (“VNO”) has already been introduced in the year 2017 with the objective of utilizing the benefits of convergence, spectrum liberalization and facilitating delinking of the licensing of networks from the delivery of services so as to enable the Telecom Service Providers (TSPs) to optimally and efficiently utilize their networks and spectrum by sharing active and passive infrastructure as well as the VNO(s), by giving them the option to provide services without having to undertake the huge costs of setting up their own network.



Further, we are of the view that the unbundling of licenses will only make the licensing regime more complex, as the conditions have to be reviewed and every time an existing licensee seeks to provide a new service, it will have to undergo a long and complex procedure of obtaining a new license. Moreover, if we take into consideration, the existing unified licensees who are already having their network and are providing services to the consumers, it is commercially unviable for them to split their functions into different layers and act as network service provider and service delivery operator separately. The existing unified licensees have already made huge investments in terms of the entry fee and the annual license fee which is payable by them in four quarters.

Therefore, the premise that unbundling of licenses will bring prosperity for niche and smaller operators does not hold good because such framework, where the licenses are unbundled and segregated on the basis of infrastructure, network, service and application is not needed.

Q 3. In case you are of the opinion that there is no need of unbundling of different layers of the license, what changes should be made in the existing licensing regime to (i) promote sharing to increase utilization of the existing resources, and (ii) catalyse investments and innovation in Digital Communications sector?

GTPL Comments: Yes, in our view, there is no need of unbundling of different layers of licensing. Licenses for a single technology no longer have a useful purpose in today's world where technologies are converging. Technologies have gradually permitted the offering of previously different types of services over the same networks. In general, convergence-based authorization policies promote equal treatment of services or technologies previously licensed or regulated in different ways. Hence, there is an urgent need to regulate infrastructure sharing as well.

However, in order to ensure that such sharing of infrastructure does not cause unnecessary burden on the licensees, the authority must reconsider the definition of 'AGR' for the purpose of calculation of annual license fee which is required to be paid by all the licensees. Presently the definition of AGR includes income generated from other businesses as well which is not only irrational but also burdensome for the licensees and hence hinders the sharing of infrastructure. This demands a serious thought from the authority since infrastructure sharing not only

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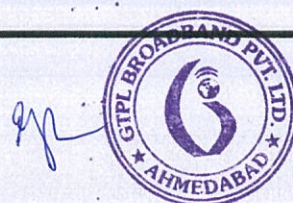
significantly reduces the capital and operating expenditures of licensees but also helps in conserving the resources required for telecommunication services, which are otherwise finite in nature such as spectrum or rights of way and governments need to allocate these resources among providers in a fair, efficient and transparent manner.

Hence, it is important to consider the following before laying down a regulatory regime:

- a. Neutrality – The authorizations should be technologically neutral that do not designate a single, specific service that the licensee can offer or prescribe technological infrastructure that must be used to deliver the service. The authorizations must permit the licensee to offer any range of services, using any technological infrastructure that is capable of delivering the desired services. Neutrality in licensing allows simplification of the authorization regime.
- b. Simplification - Simplification involves the consolidation of different types of service-specific authorizations into a broad, generic category of authorizations or even the unification of all authorizations into a single, unified authorization. Instead of requiring service providers to hold separate authorizations for every kind of service they offer (each subject to a unique licensing process, different terms and conditions and separate fees and reporting obligations), simplification consolidates the many authorizations that service providers are required to hold into a few or even a single authorization.

Neutral and simplified authorization framework allows the regulators to respond to innovation in a sector like India where the range of services continues to expand and where multiple services can be delivered using a single, IP-based platform. Simplified, service and technology neutral authorization frameworks accommodate convergence and the blurring of traditional market boundaries in the telecom sector.

Further, another issue that requires deliberation is the levy of license fee under the unified license. It is suggested that the annual license fee should be kept at a nominal amount in line with the international standards and practice. Worldwide fee ranges from 0.5% to 3% of revenue. The existing level of license fee in India is among the highest in the world. It is therefore suggested that the license fee is rationalized under the new regime. This step is



extremely important at this stage otherwise the digital revolution could come to a grinding halt because presently the telecom operators are paying nearly 30% of overall revenues to the government in the form of levies and taxes.

Q. 4. What other reforms / changes are required in the existing licensing regime?

GTPL Comments: As may have been observed by the Authority that the recent judgment passed by the Hon'ble Supreme Court has unsettled a lot of non-telecom operators in a manner that could impact the industry adversely and thereby endangering the growth of the industry which will in turn affect the overall economy of the country. Hence, we request the Authority to look into the existing challenges faced by various stakeholders holding unified license and bring such reform/changes as would lead to a regime that is beneficial to the growth of the industry as well as the economy.

