

Written Comments by SITI NEWTWORKS LIMITED

With reference to

Consultation paper on Roadmap to Promote Broadband Connectivity and Enhanced Broadband Speed

*At the outset we would like to congratulate TRAI for its continuous engagement in the growth of industry and specially the present initiative in the broadband sector.*

*Though a lot of work has been done by TRAI to regulate the broadband sector in the country, a lot more efforts are required to further improve the Broadband sector to help not only the ISP Business but also to speed-up Economic Growth. The Authority must consider setting up the regulatory framework in which the sector should grow faster and as per regulatory framework.*

*We feel that the present consultation process will speed up the process of proliferation of fixed line broadband in the country and would like to submit our response as follows;*

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

*Ans: To promote the proliferation of fixed line broadband in the country, the license fee should be immediately abolished for a period of 5 years. This will encourage the operators who have already laid Wireline network to the subscriber homes to provide high speed fixed line broadband to the subscribers using the same infrastructure or build new infrastructure to reach in the new*

*geographies where no wireline network is available. The direct incentive to the consumer may not yield the desired outcome as this will not have any incentive to the ISP operators to penetrate their network in the non-covered areas. Focus must be on to address the supply side constraints and incentivize the creation of new infrastructure, provide indirect incentives to ISPs for proliferation of fixed-line broadband through exemption of license fee.*

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

*Ans: The exemption should be on the fixed line broadband revenue of the operators to ensure growth of the fixed line broadband in the country and the same should be reviewed after five years for the further requirement of the sector. ISP can be mandated to generate invoices mentioning details of all the services provided to the subscribers and make clear in the invoices – BB service charges and VAS charges (item wise).*

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

*Ans: In case of converged wireless and fixed-line products there should be a methodological approach to arrive at the reasonable revenue for fixed line broadband based on the number of services offered and the cost/price of such services. This will ensure that the exemptions are taken by the licensee on fixed line broadband only. In case of converged services, the operators can be asked to get their revenue audited from the TRAI empaneled auditors for the offered products and accordingly the exempted revenue can be calculated.*

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

*Ans: The exemption period should be five year and should be reviewed after five years based on the experience and benefits of the exemption.*

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

*Ans: AS proposed in the reply to point no. 3 above, the exempted revenue should be verified by the TRAI empaneled auditors. In case of any misuse of wrong reporting, there should be a provision for penalty on the operators as well as provision to black list such auditors from TRAI panel who verify such misuse.*

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

*Ans: There should be a methodological approach in ascertaining the value of products being offered. Alternatively, TRAI can also advise the revenue proportion of converged services according to the market condition. TRAI can advise standardize invoice format for the all the services which are provided by the operators under converged services.*

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

*Ans: As already replied above the incentive should be to the operators to encourage them to penetrate their wireline network in the uncovered areas and new geographies.*

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

*Ans: This may not be possible as in all towns, fixed-line services are launched in very small pockets/ territories depending on business potential and capex optimization. Like first preference is always in high-rise MDUs in place of flat belt. Flat belt areas are always considered as second priority due to high Capex per home-pass/customer connectivity due to ROW implementation and access network cost. Also last mile overhead services on SEB/utilities poles etc. is prone to sabotage.*

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

*Ans – No. The proliferation of fixed-line broadband services depends on the service providers as much higher requirement of capital expenditure and maintenance cost in comparison to the wireless networks. In fact DOT/TRAI must look into the various challenges being faced by the ISPs and provide solutions to such issues/challenges for fast proliferation of fixed line broadband services. Some of such issues are as below;*

- *much higher requirement of capital expenditure and maintenance cost in comparison to the wireless networks. Some of the probable factors for supply side constraints could be:*
- *Issues related to RoW (Right of Way)*
- *Restricted access to building complexes and societies*
- *Higher cost of installation and maintenance of fixed-line network infrastructure*
- *ROW issue for overhead structured overhead cabling on SEB/utility poles*
- *Selling of BB services under PIN plan by ISPs to the distributors/ partners for further selling to the customers (non-compliance)*
- *non-standardization/ non-interoperable products for PON network, products are not certified by TEC*

- *no incentives to Fixed-line ISPs for BB services*
- *Bundling of OTT services by bigger operators with deep pockets make it non-level playing field for mid-size ISPs*

Siti Networks Limited