



*Tower and Infrastructure
Providers Association*

TAIPA/COR/TRAI/ 2015/002

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Subject: TAIPA response on TRAI Consultation Paper on Implementation Model for BharatNet.

Respected Sir,

At the outset, we would like to thank TRAI authorities for coming out with the consultation paper on Implementation Model for BharatNet and we would like to convey our sincere thanks for providing us the opportunity to submit our response on the above captioned subject. The response is being submitted on the behalf of all the TAIPA members.

We hereby enclose our response (Annexure-1) to the above captioned consultation paper for your information and kind consideration please.

Thanking you

Yours Sincerely,

For Tower And Infrastructure Providers Association

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TRAI Query	TAIPA Response
<p>Q.1 The “Report of the Committee on NOFN” has recommended three models and risks/advantages associated with these models. In your opinion what are the other challenges with these models?</p>	<p>Challenge of lack of skills sets to manage rollout and operations of a complex integrated network as proposed by the committee will remain even with the preferred EPC lead consortia model.</p>
<p>Q.2 Do you think that these three models along with implementation strategy as indicated in the report would be able to deliver the project within the costs and time-line as envisaged in the report? If not, please elucidate.</p>	<p>Though private sector option is better than the CPSU or State Government led implementation agency, meeting time lines and hence the cost would still be as issue due to multiple power centers within the consortia.</p>
<p>Q.3 Do you think that alternate implementation strategy of BOOT model as discussed in the paper will be more suitable (in terms of cost, execution and quality of construction) for completing the project in time? If yes, please justify.</p>	<p>We believe Build Own and Operate model (BOO model) will be the best option in the given circumstances and accordingly should be considered as another option. However, in the event the Hon'ble Authority envisage any issues in implementing the BOO model then the BOOT model with some incremental improvisation can be implemented.</p>
<p>Q.4 What are the advantages and challenges associated with the BOOT model?</p>	<p>The advantage of BOO model</p> <ol style="list-style-type: none"> 1. Speed of execution would increase. 2. The model is scalable in nature. 3. Reward to the Executing Agency basis achievement of milestones.
<p>Q.5 What should be the eligibility criteria for the executing agency so that conflict of interest can be avoided?</p>	<p>We believe that eligibility criteria ought to be designed in a manner that only serious contender could pass through the eligibility filter and non-serious bidder are filtered out. It must also contain financial qualifications that companies with strong financial credentials are only selected in the process. Thirdly, it also must envisage technical qualifications for bidders. Fourthly, prior experience of operating telecom infrastructure in minimum number of states must be prescribed.</p>

<p>Q.6 Should there be a cap on number of States/ licensed service area to be bid by the executing agency?</p>	<p>We believe there should be two to three Executing Agencies to cover the entire country to ensure a good balance between adequate work volume and a healthy competition.</p>
<p>Q.7 What measures are required to be taken to avoid monopolistic behavior of executing agency?</p>	<p>The Project need to be structured in a way that passive component of NOFN project is completely segregated from the Active telecom part and also telecom services. This will lead to bringing efficiency in the project execution and leverage the experience of IP-1s, who have over the years acquired knowledge of local environment and ecosystem and that could be utilized in laying dark fiber across the country and IP-1s are fully authorized by their Registration Certificate to provide this services on a non-discriminatory basis to all TSP. This will also incidentally lead to avoidance of any monopolistic situation. The Telecom sector grew at a rapid pace after the Government realized the potential of tower industry to provide passive infrastructure services to TSPs on shared basis leading to bringing efficiency in tower management and reducing operating expenses and leakages. Similarly, the expertise of IP-1, their domain knowledge, knowledge of topography would be of immense help to the Industry for this project.</p>
<p>Q.8 What terms and conditions should be imposed on the executing agency so that it provides bandwidth/ fibre in fair, transparent and non-discriminatory manner?</p>	<p>please refer our comments against Q7 above</p>
<p>Q.9 What flexibility should be given to the agency in terms of selection of route of laying optical fibre, construction, topology and deployment of technology?</p>	<p>Besides GP office, all major points of data aggregation such as fibre connectivity between all mobile towers across the State should be part of this project to reap maximum benefits.</p>

<p>Q.10 What should be the methodology of funding the project? In case of VGF, what should be the method to determine the maximum value of VGF for each State/ service area and what should be the terms and conditions for making payments?</p>	<p>BOO model on its own suggests EMI payment model for the investment recovery over a pre agreed tenure. VGF component could be added to the EMI as computed on the basis of agreed investment recovery model. Variations if any the VGF value linked to agreed performance criteria can also be applied month on month.</p>
<p>Q.11 What kind of fiscal incentive and disincentive be imposed on the agency for completing the project in time/early and delaying the project?</p>	<p>Extent of incentives and penalties to be equal percentage of total estimated capital cost of the project.</p>
<p>Q.12 What should be the tenure/period after which the ownership of the project should be transferred to the Government?</p>	<p>As in the case of Bangalore Airport the tenure/ period be kept at 30 years initially and further extendable up to 60 years.</p>
<p>Q.13 Do you think that some measures are to be put in place in case the executing agency earns windfall profits? How should windfall profits be defined?</p>	<p>One way to define windfall profits could be average tenancy ratio beyond which VGF component could be reduced /withdrawn. This could be further discussed with the stakeholders.</p>
<p>Q.14 Whether there is a need to mandate the number of fibres to be offered as a dark fibre to other operators to ensure more than one operator is available for providing bandwidth at GP level?</p>	<p>This question will not be relevant in case of segregation of passive (fibre, power and space) from active network piece as recommended by us in response to query no.7.</p>
<p>Q.15 What measures are required so that broadband services remain affordable to the public at large?</p>	<p>For BBNL Threshold tenancy ratios could be defined to trigger reduction in VGF component followed by revenue share for BBNL to account for any future windfall gains.</p>
<p>Q.16 What safeguards are to be incorporated in the agreement entered between Government and executing agencies if RoW is not being granted to the executing agency in time?</p>	<ol style="list-style-type: none"> 1. On timely intimation to Govt. regarding RoW hurdles - No penalty to be levied; 2. Central Government should support necessary RoW permission are given to Executing Agency. However, in event of undue delay/refusal the entire cost incurred on actuals to refunded to the Executing Agency.

<p>Q.17 The success of BOOT Model depends on participation of private entities which will encourage competition. What measures should be adopted to ensure large scale participation by them?</p>	<ol style="list-style-type: none"> 1. Segregation of Passive and Active infrastructure as mentioned earlier. 2. Uniform RoW guidelines throughout India and Prefixed compensation structure for RoW. 3. Single Window Clearance for RoW for each state 4. Open tender
<p>Q.18 Please give your comments on any other related matter not covered above</p>	<p>We are essentially suggesting segregation of entire passive and entire active infrastructure elements from the execution and business perspective for the following reasons:</p> <ol style="list-style-type: none"> 1. Skill sets and expertise required for execution, O&M and business conduct are different for passive and active networks. 2. Model will encourage competition. 3. Existing operational presence, infrastructure and familiarity with the environments in the hinterlands, will help IP1 players as well as service providers to cost optimize passive and active networks respectively and hence encourage them to participate. 4. Passive network provider plays neutral host to all types of service providers such as TSPs/MSOs/ ISPs to share dark fibre and POP locations for their equipment etc. to offer service to the end users at competitive prices. 5. Each Service Provider to have flexibility to hire standalone passive infrastructure and chose terminal equipment of their choice to eliminate any technology non-compatibility in regard to active elements.