



Association of Unified Telecom Service Providers of India

AUSPI/12/2015/043

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Shri Arvind Kumar,
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New Delhi - 110002

Subject: AUSPI's response to the TRAI Consultation Paper No.5/2015 on Implementation Model for BharatNet

Dear Sir,

Please find attached AUSPI's Response to the TRAI Consultation Paper, on Implementation Model for BharatNet for your consideration.

Thanking you,

Yours sincerely,

Ashok Sud
Secretary General
Mob: 9312941515

Encl: As above

Copy to :

1. Shri R S Sharma, Chairman, TRAI
2. Dr. Vijayalakshmy K Gupta, Member, TRAI
3. Shri Anil Kaushal, Member, TRAI
4. Shri Sudhir Gupta, Secretary, TRAI



**AUSPI's Response to TRAI Consultation Paper No. 5/2015 on
Implementation Model for BharatNet**

- 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?*
- 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.*

AUSPI's Response to Q1 & Q2

In our opinion all the three models suggested by the Committee on NOFN, could be well suited for implementation of BharatNet. The challenges involved have already been enumerated by TRAI in its consultation paper. We have nothing more to add.

We feel that there is merit in the recommendations regarding the executing agency in some states, as suggested by the committee e.g. CPSU led model in states like J&K, LWE affected states and NE regions, as well as the State Government-led Implementation Model.

We believe that significant benefits can be obtained through the use of the private sector led model (EPC/Consortia). Needless to say rigorous selection of the EPC contractors and professional monitoring of the project would be a necessary requirement.

A significant amount of fibre, laid by private operators already exists on ground, and should be considered as a national asset. It is imperative that for the success of BharatNet, the same should be utilized to ensure optimization of cost and time.

We submit that one of the reasons for the colorless performance of NOFN so far has been the lack of a focused CEO and Management team. Upto now, the Administrator USOF has been holding additional charge as CEO of NOFN and he/she have had very short tenures. Therefore, we recommend that a permanent organization headed by a dedicated CEO for the whole duration of the project would be necessary and sufficient to make a success of any of the three models suggested by the Committee.

- 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.*
- Q.4** *What are the advantages and challenges associated with the BOOT model?*



AUSPI's Response to Q3 & Q4

The BOOT model is not the best suited for BharatNet rollout for the following reasons:-

- Due to the huge investments, long gestation period and lack of clarity of future earnings, the project is unlikely to make economic sense for private investors.
- Even if the government may be willing to provide viability gap funding, we believe that the extent of such funding would be unacceptably high, for generating reasonable profits to the investors.
- We sincerely believe that such projects where the public good over-rides the profit motive could only be funded by the public funding i.e. by the Government.
- One must also consider that BharatNet would in some ways be different from other successful BOOT projects like those for highway construction. In the case of BharatNet the useful life of the fibre would be around 20 years, which would be more or less the period for which the BOOT operator would be owning and managing the project. Hence, what he would hand over to the Government on expiry of his contract would be a network of questionable value.
- The BOOT model would also conceivably lead to a situation of conflict of interest and monopolist conditions if the project implementer himself were to be also a Telecom Service Provider.

Therefore, our contention is that the three approaches suggested by the DOT committee may be used as individually appropriate to specific circles of the country.

- Q.5** *What should be the eligibility criteria for the executing agency so that conflict of interest can be avoided?*
- Q.7** *What measures are required to be taken to avoid monopolistic behaviour of executing agency?*
- 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?*

AUSPI's Response to Q5, Q7 & Q8

As indicated above, we do not recommend the BOOT Model for BharatNet. However, whichever model is used, it would be necessary to define the eligibility criteria for the entities implementing the project viz. adequate experience, expertise, financial capability and project management. Irrespective of the model adopted, safeguards would have to be built in to ensure that the resources created



are shared with the users in a transparent, equitable and non-discriminatory manner.

Q.6 *Should there be a cap on number of States / licensed service area to be bid by the executing agency?*

AUSPI's Response

There should be no cap on the number of States / licensed service area to be bid by the executing agency.

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?*

AUSPI's Response

Yes. There should be flexibility of implementation with the project executing agency without compromising the objectives set for the project and with due approvals from the competent agencies.

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?*

AUSPI's Response

Since we are not in favour of the BOOT model, we have no comments to offer.

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?*

AUSPI's Response

For the successful implementation of the BharatNet project, it is important to define the incentives as well as the disincentives on the implementation agency which could be :

- Monetizing the existing fibre & infrastructure of the TSPs would be the most appropriate incentive for the private TSPs to participate actively in execution and operationalization of BharatNet Network.
- Delay in project implementation should attract stiff penalties, subject to those delays not being attributable to issues beyond the control of the implementation agency. E.g. ROW, Forest Clearances, etc. Similarly, there should be financial incentives for early completion.

Q.12 *What should be the tenure / period after which the ownership of the project should be transferred to the Government?*

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?*



AUSPI's Response to Q12 & Q13

Since we are not in favour of the BOOT model, we have no comments to offer.

- 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?*

AUSPI's Response

There is a need to mandate (a) laying of minimum 48 core fibre and (b) reserving a minimum of 50% 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.

- Q.15** *What measures are required so that broadband services remain affordable to the public at large?*

AUSPI's Response

Adequate competition, monitoring by the Authority along with innovative technology and fiscal incentive would ensure affordable broadband services to the public. This can be ensured through a number of ways viz. by the use of innovative technology, by ensuring competition in providing bandwidth to retail TSP/ISP/CSPs, by allowing Central & State Governments and their agencies to buy bandwidth through the transparent process of competitive procurement for providing services.

- 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?*

AUSPI's Response

We request that a Tripartite Agreement (TPA) amongst the Central Government, State Government/Local bodies and the implementation agency with a clause that the Government should take responsibility to clear any kind of hurdles that arises on account of Right of Way, Power supply, Space and any other aspects related to clearance etc. for expeditious and timely execution of the project.

- 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?*

AUSPI's Response

Since we are not in favour of the BOOT model, we have no comments to offer.

- Q.18** *Please give your comments on any other related matter not covered above.*

AUSPI's Response

Since we are not in favour of the BOOT model, we have no comments to offer.